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Minnesota Pollution Control Agency

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AT A GLANCE

- 900 employees in FY2016: 665 in St. Paul and 235 in seven regional offices; 33 of total are student/seasonal.
- Limit pollution to protect human health by issuing more than 16,700 permits.
- Monitor the condition of air, water, and land at more than 2,000 sites across the state.
- Protect non-polluted waters and restore waters that do not meet standards.
- Inspect and license more than 40,000 sites that involve hazardous waste, feedlots, and storage tanks.
- 250,000 people annually visit MPCA's Eco Experience exhibit at the Minnesota State Fair.
- 2013 Eco Experience exhibit received "People's Choice Award for Best Attraction" at the Minnesota State Fair.
- Seek guidance and approval on environmental issues from the MPCA Advisory Committee.
- Offer 13 online services with more launching soon.

PURPOSE

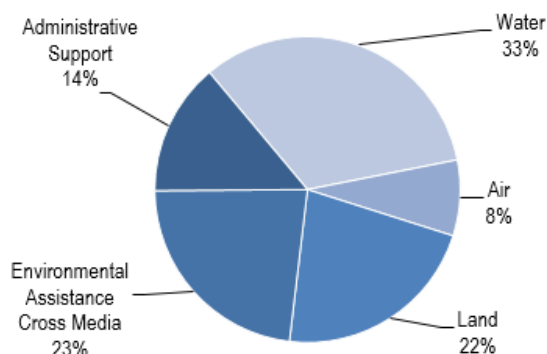
The Minnesota Pollution Control Agency (MPCA) monitors environmental quality, offers technical and financial assistance, and enforces environmental regulations. We find and clean up spills or leaks that can affect our health and environment. We develop statewide policy, support environmental education, and help ensure pollution does not have a disproportionate impact on any group of citizens. Our mission is to *protect and improve our environment and enhance human health*.

We work with many partners — citizens, communities, businesses, government, environmental groups, and educators — to prevent pollution and conserve resources. Minnesota is a national model for environmental protection. Our air, land, and water are cleaner now than 40 years ago, even with a growing population and rising industrialization.

We play a key role in contributing to the following statewide outcome: **A clean, healthy environment with sustainable uses of natural resources.**

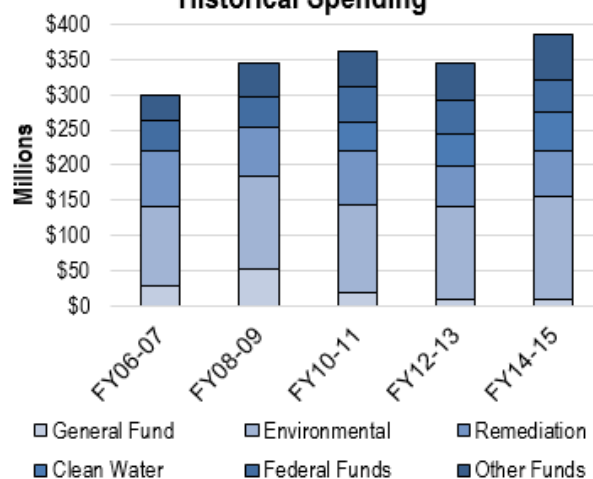
BUDGET

Spending by Program
FY 15 Actual



Source: BPAS

Historical Spending



Source: MAPS IA Warehouse and SWIFT

Our budget is funded from multiple state government funds and federal grants. General Fund monies have decreased over this 10-year timeframe, and in the FY 2014-2015 biennium accounted for less than 3% of our spending.

The Environmental Fund accounts for 38% of our spending, and Remediation Fund for 18%. The Clean Water Fund, a Legacy fund created by constitutional amendment in November 2008, was new to our funding mix in FY 2010-11 and now represents 15%. Federal grants pay for 12%, and other state funds cover the remaining 15%.

STRATEGIES

Limiting pollution caused by businesses, organizations, and individuals is fundamental to our mission. We develop and enforce regulations, and provide education and technical assistance to help meet these regulations. Increasingly, our focus is on preventing pollution rather than just controlling or cleaning it up.

Our range of activities includes:

- Setting a data-driven environmental vision, goals and objectives through testing and research to identify environmental problems.
- Establishing strategic operational focus areas and corresponding goals in order to track progress on environmental objectives, including:
 - Water: Minnesota's clean water supports aquatic ecosystems, healthy communities and a strong economy
 - Air: Minnesota's clean and clear air supports healthy communities and strong economy
 - Land/Waste: Minnesota's Land supports healthy ecosystems and sustainable land uses
 - People & Approaches: Minnesotans and MPCA take action to protect our land, air and water
 - Operations: MPCA demonstrates excellence in operations
- Implementing key work systems and processes in prevention, management, clean-up, monitoring and assessment, and operations.
 - Monitoring environmental quality across the state and providing access to that data and information to citizens.
 - Setting standards, rules and policies that protect the environment and public health.
 - Providing assistance, partnerships and education to prevent pollution. For example, we train and certify wastewater operators, landfill inspectors, tank operators, and household hazardous waste facility staff and work with businesses to help them comply with environmental regulations.
 - Issuing permits or licenses and enforcing environmental regulation.
 - Finding and cleaning up contamination or pollution that affects our health and environment and responding to emergencies.
 - Operational support, including HR, fiscal, data governance, communications and continuous improvement.

Minnesota Statutes, Chapter, 114D <https://www.revisor.mn.gov/statutes/?id=114D>, Chapter 115 <https://www.revisor.mn.gov/statutes/?id=115>, Chapter 115A <https://www.revisor.mn.gov/statutes/?id=115A>, and Chapter 116 <https://www.revisor.mn.gov/statutes/?id=116> provide the agency with its main authorities to provide regulatory, monitoring, and assistance services.

(Dollars in Thousands)

Expenditures By Fund

	Actual FY14	Actual FY15	Actual FY16	Estimate FY17	Forecasted Base		Governor's Recommendation	
					FY18	FY19	FY18	FY19
1000 - General	4,182	5,153	9,289	9,305	5,818	5,818	9,675	9,820
1200 - State Government Special Rev	76	77	76	81	79	79	79	79
2000 - Restrict Misc Special Revenue	1,613	2,051	4,942	6,294	4,753	4,753	4,753	4,753
2001 - Other Misc Special Revenue	22,907	29,586	30,718	31,530	29,205	29,277	29,205	29,277
2050 - Environment & Natural Resource	0	574	102	247	0	0	0	0
2302 - Clean Water Fund	23,942	33,623	25,532	29,902	0	0	26,888	26,887
2800 - Environmental	68,853	76,788	75,145	78,128	76,608	76,607	79,222	80,624
2801 - Remediation Fund	34,890	33,417	30,890	31,779	29,187	29,187	31,033	31,281
3000 - Federal	22,776	23,412	21,341	23,926	22,282	22,017	22,282	22,017
8200 - Clean Water Revolving Fund	1,326	1,461	1,564	1,567	1,567	1,567	1,567	1,567
Total	180,566	206,140	199,598	212,758	169,498	169,305	204,703	206,305
<i>Biennial Change</i>				25,651		(73,554)		(1,349)
<i>Biennial % Change</i>				7		(18)		0
<i>Governor's Change from Base</i>								72,205
<i>Governor's % Change from Base</i>								21

Expenditures by Program

Program: Water	54,595	66,669	57,369	65,437	32,406	32,136	60,739	60,989
Program: Air	15,871	17,281	16,426	16,752	16,671	16,676	17,069	17,615
Program: Land	46,089	45,859	45,911	44,768	41,986	41,986	45,163	45,569
Program: Environmental Asst & Cross Media	41,364	46,832	49,249	54,456	49,146	49,146	50,153	50,281
Program: Administrative Support	22,647	29,499	30,642	31,346	29,289	29,361	31,579	31,851
Total	180,566	206,140	199,598	212,758	169,498	169,305	204,703	206,305

Expenditures by Category

Compensation	79,534	85,464	78,281	80,091	68,998	69,034	81,635	83,124
Operating Expenses	77,040	92,837	88,076	102,521	73,233	72,802	87,861	87,773
Other Financial Transactions	731	367	250	2	2	2	2	2
Grants, Aids and Subsidies	23,148	27,224	32,512	30,144	27,266	27,467	35,206	35,406
Capital Outlay-Real Property	113	248	480					
Total	180,566	206,140	199,598	212,758	169,498	169,305	204,703	206,305
Total Agency Expenditures	180,566	206,140	199,598	212,758	169,498	169,305	204,703	206,305
Internal Billing Expenditures	20,317	27,054	27,000	28,606	21,649	21,642	21,649	21,642
Expenditures Less Internal Billing	160,248	179,087	172,599	184,152	147,849	147,663	183,054	184,663

Full-Time Equivalents

918.0	950.4	860.5	901.0	754.3	743.1	870.1	858.9
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1000 - General

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY14	FY15	FY16	FY17	FY18	FY19	FY18	FY19
Balance Forward In	0	787	170	1,070	0	0	0	0
Direct Appropriation	4,764	4,763	10,263	8,388	5,893	5,893	9,750	9,895
Net Transfers	205	(220)	(75)	(151)	(75)	(75)	(75)	(75)
Cancellations	0	7	0	0	0	0	0	0
Expenditures	4,182	5,153	9,289	9,305	5,818	5,818	9,675	9,820
Balance Forward Out	787	170	1,070	0	0	0	0	0
<i>Biennial Change in Expenditures</i>				9,259		(6,958)		901
<i>Biennial % Change in Expenditures</i>				99		(37)		5
<i>Gov's Exp Change from Base</i>								7,859
<i>Gov's Exp % Change from Base</i>								68
Full-Time Equivalents	19.7	20.1	18.9	21.6	19.5	19.5	21.5	21.5

1200 - State Government Special Rev

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY14	FY15	FY16	FY17	FY18	FY19	FY18	FY19
Balance Forward In	0	0	0	1	0	0	0	0
Direct Appropriation	75	75	75	75	75	75	75	75
Open Appropriation	1	1	2	4	4	4	4	4
Expenditures	76	77	76	81	79	79	79	79
Balance Forward Out	0	0	1	0	0	0	0	0
<i>Biennial Change in Expenditures</i>				4		2		2
<i>Biennial % Change in Expenditures</i>				3		1		1
<i>Gov's Exp Change from Base</i>								0
<i>Gov's Exp % Change from Base</i>								0
Full-Time Equivalents	0.7	0.6	0.6	0.6	0.6	0.6	0.6	0.6

2000 - Restrict Misc Special Revenue

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY14	FY15	FY16	FY17	FY18	FY19	FY18	FY19
Balance Forward In	739	707	423	326	233	234	233	234
Receipts	1,579	1,740	4,823	6,202	4,754	4,754	4,754	4,754
Net Loan Activity	0	26	22	0	0	0	0	0
Expenditures	1,613	2,051	4,942	6,294	4,753	4,753	4,753	4,753
Balance Forward Out	705	421	326	233	234	235	234	235

2000 - Restrict Misc Special Revenue

Biennial Change in Expenditures			7,572		(1,730)	(1,730)
Biennial % Change in Expenditures			207		(15)	(15)
Gov's Exp Change from Base						0
Gov's Exp % Change from Base						0
Full-Time Equivalents	8.8	10.8	8.3	9.0	9.0	9.0

2001 - Other Misc Special Revenue

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY14	FY15	FY16	FY17	FY18	FY19	FY18	FY19
Balance Forward In	8,942	6,869	5,279	2,080	0	0	0	0
Receipts	20,839	27,319	27,162	29,124	28,878	28,950	28,878	28,950
Internal Billing Receipts	20,317	27,054	27,000	28,450	28,372	28,439	28,372	28,439
Net Transfers	(36)	361	356	327	327	327	327	327
Expenditures	22,907	29,586	30,718	31,530	29,205	29,277	29,205	29,277
Balance Forward Out	6,838	4,962	2,080	0	0	0	0	0
Biennial Change in Expenditures				9,755		(3,766)		(3,766)
Biennial % Change in Expenditures				19		(6)		(6)
Gov's Exp Change from Base								0
Gov's Exp % Change from Base								0
Full-Time Equivalents	126.4	159.4	95.3	103.4	75.4	74.4	75.4	74.4

2050 - Environment & Natural Resource

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY14	FY15	FY16	FY17	FY18	FY19	FY18	FY19
Balance Forward In	0	0	169	67	0	0	0	0
Direct Appropriation	0	743	0	180	0	0	0	0
Expenditures	0	574	102	247	0	0	0	0
Balance Forward Out	0	169	67	0	0	0	0	0
Biennial Change in Expenditures				(225)		(349)		(349)
Biennial % Change in Expenditures				(39)		(100)		(100)
Gov's Exp Change from Base								0
Gov's Exp % Change from Base								0

2302 - Clean Water Fund

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY14	FY15	FY16	FY17	FY18	FY19	FY18	FY19

2302 - Clean Water Fund

Balance Forward In	1,620	5,612	0	4,531	0	0	0	0
Direct Appropriation	28,365	28,465	30,150	25,298	0	0	26,888	26,887
Open Appropriation	68	38	57	75	0	0	0	0
Cancellations	811	492	145	0	0	0	0	0
Expenditures	23,942	33,623	25,532	29,902	0	0	26,888	26,887
Balance Forward Out	5,299	0	4,531	0	0	0	0	0
<i>Biennial Change in Expenditures</i>			(2,132)		(55,434)		(1,659)	
<i>Biennial % Change in Expenditures</i>			(4)		(100)		(3)	
<i>Gov's Exp Change from Base</i>							53,775	
Full-Time Equivalents	90.6	91.2	93.7	100.7	0.0	0.0	101.8	101.8

2403 - Gift

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY14	FY15	FY16	FY17	FY18	FY19	FY18	FY19
Balance Forward In	0	0	0	0	0	0	0	0
Net Transfers	0	0	0	0	0	0	0	0
Balance Forward Out	0	0	0	0	0	0	0	0

2800 - Environmental

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY14	FY15	FY16	FY17	FY18	FY19	FY18	FY19
Balance Forward In	3,151	5,016	3,304	4,015	3,551	3,699	3,551	3,699
Direct Appropriation	68,836	72,982	73,480	75,250	74,314	74,314	76,936	78,345
Open Appropriation	141	195	290	373	373	373	373	373
Receipts	2,548	2,757	2,720	2,727	2,728	2,728	2,728	2,728
Net Transfers	(944)	(919)	(784)	(789)	(784)	(784)	(792)	(798)
Net Loan Activity	0	60	151	106	125	125	125	125
Cancellations	0	0	0	0	0	0	0	0
Expenditures	68,853	76,788	75,145	78,128	76,608	76,607	79,222	80,624
Balance Forward Out	5,003	3,304	4,015	3,551	3,699	3,847	3,699	3,847
<i>Biennial Change in Expenditures</i>			7,633		(58)		6,573	
<i>Biennial % Change in Expenditures</i>			5		0		4	
<i>Gov's Exp Change from Base</i>							6,631	
<i>Gov's Exp % Change from Base</i>							4	
Full-Time Equivalents	432.4	431.0	414.7	434.0	421.4	414.3	423.4	416.3

2801 - Remediation Fund

2801 - Remediation Fund

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY14	FY15	FY16	FY17	FY18	FY19	FY18	FY19
Balance Forward In	8,192	9,322	9,975	10,135	2,262	614	2,262	614
Direct Appropriation	10,496	11,146	11,264	11,434	11,434	11,434	13,284	13,534
Open Appropriation	18,437	16,300	12,473	12,371	10,246	10,246	10,246	10,246
Receipts	1,445	1,431	1,429	1,611	1,611	1,611	1,611	1,611
Net Transfers	5,229	4,518	5,885	(1,509)	4,248	5,748	4,244	5,742
Expenditures	34,890	33,417	30,890	31,779	29,187	29,187	31,033	31,281
Balance Forward Out	8,909	9,301	10,135	2,262	614	465	614	465
<i>Biennial Change in Expenditures</i>				(5,638)		(4,296)		(356)
<i>Biennial % Change in Expenditures</i>				(8)		(7)		(1)
<i>Gov's Exp Change from Base</i>								3,940
<i>Gov's Exp % Change from Base</i>								7
Full-Time Equivalents	87.0	86.9	84.4	85.4	84.4	83.6	94.4	93.6

3000 - Federal

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY14	FY15	FY16	FY17	FY18	FY19	FY18	FY19
Balance Forward In	0	1	0	0	0	0	0	0
Receipts	22,775	23,410	21,341	23,925	22,283	22,018	22,283	22,018
Net Transfers	0	0	0	0	0	0	0	0
Expenditures	22,776	23,412	21,341	23,926	22,282	22,017	22,282	22,017
Balance Forward Out	0	0	0	0	0	0	0	0
<i>Biennial Change in Expenditures</i>				(921)		(967)		(967)
<i>Biennial % Change in Expenditures</i>				(2)		(2)		(2)
<i>Gov's Exp Change from Base</i>								0
<i>Gov's Exp % Change from Base</i>								0
Full-Time Equivalents	142.2	139.8	132.1	134.4	132.0	129.7	132.0	129.7

6000 - Miscellaneous Agency

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY14	FY15	FY16	FY17	FY18	FY19	FY18	FY19
Balance Forward In	2	2	2	2	2	2	2	2
Balance Forward Out	2	2	2	2	2	2	2	2

8200 - Clean Water Revolving Fund

8200 - Clean Water Revolving Fund

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY14	FY15	FY16	FY17	FY18	FY19	FY18	FY19
Balance Forward In	5,876	11,730	11,343	12,526	10,491	8,816	10,491	8,816
Receipts	394	326	292	330	330	330	330	330
Net Transfers	2,185	1,461	1,564	1,567	1,567	1,567	1,567	1,567
Net Loan Activity	0	(2,574)	891	(2,365)	(2,005)	(2,005)	(2,005)	(2,005)
Expenditures	1,326	1,461	1,564	1,567	1,567	1,567	1,567	1,567
Balance Forward Out	7,128	9,482	12,526	10,491	8,816	7,141	8,816	7,141
<i>Biennial Change in Expenditures</i>				344		2		2
<i>Biennial % Change in Expenditures</i>				12		0		0
<i>Gov's Exp Change from Base</i>								0
<i>Gov's Exp % Change from Base</i>								0
Full-Time Equivalents	10.3	10.7	12.4	12.0	12.0	12.0	12.0	12.0

Minnesota Pollution Control Agency

FY18-19 Biennial Budget Change Item

Change Item Title: Business Friendly Data Services

Fiscal Impact (\$000s)	FY 2018	FY 2019	FY 2020	FY 2021
General Fund				
Expenditures	0	0	0	0
Environmental Fund				
Expenditures	400	400	400	400
Net Fiscal Impact = (Expenditures – Revenues)	400	400	400	400
FTEs	2	2	2	2

Recommendation:

The Governor recommends a continued appropriation of \$400,000 in FY18 and \$400,000 in FY19 from the Environmental Fund to the MPCA's Environmental Assistance and Cross Media budget program for developing online applications and reports.

This additional funding will help accelerate the rate at which services and data needed for business permit applications are put online by building on the new data, project management, and information system we created to replace legacy databases across the agency. This new system supports our core permitting, compliance, watershed and remediation project management tracking, assistance work, and emergency management reports and follow up. The continuation of funding is needed to enhance online reports, data and services and allow us to both receive data and increase access to our data and information for our partners, regulated parties and citizens.

Rationale/Background:

The Governor recommends an investment of resources to develop new information and data management systems that support programs across the agency. These systems will provide more efficient methods to manage work, obtain data, and report on that work and data to the public. The systems will provide significant improvement in business processes and data quality. Business, government and individuals desire to submit data and documents electronically, and receive data, information and decisions promptly. The MPCA is committed to improving the number of online services that allow reporting to be more timely, improve data quality, and result in more efficient interactions through online applications for permits, licenses and certification. Increasing the number of online services also allows us to increase the amount of data and information accessible to Minnesotans through the web.

Due to the funded initiative for FY16-FY17, the MPCA will have the ability to offer 20 online services by the end of FY17, but more than 200 are needed to meet customer expectations. Existing services support licensing over 6,000 hazardous waste generators, issuance of more than 3,000 construction stormwater permits, and provide online monthly reporting for over 1,400 wastewater operators. Continuation of funding will maintain two FTE dedicated to expanding the types and number of online services that customers demand. The benefits to online users are convenient methods of interacting with the agency, improved response times, and less time performing data entry. By improving our online and reporting services, the MPCA will issue licenses, certifications, information necessary for property redevelopment and environmentally-protective permits in a timelier manner – all of which help maintain the state's strong economy.

Online services improve data quality in the system and interactive reporting ability improves customer access to high-quality environmental data and information on the MPCA's website. Web-based services, such as the award-winning "What's In My Neighborhood" application and other data-driven webpages are accessed thousands of times every year by businesses, citizens, and other state and local agencies. Providing ready access to data and information builds trust and underscores commitment to serve the public and our regulated parties.

Proposal:

The Governor proposes continuing the work started with the FY16-17 appropriation for developing online applications and reports. The agency has completed or nearly completed 10 online services in this biennium, and anticipates similar results in FY18-19 with support of this funding. Providing timely, current and accurate environmental information and services is the cornerstone of the MPCA's work. Upholding the principles of good customer service requires modern data systems that allow for information to be easily entered and accessed. By building and maintaining these systems, they not only support the concepts of "good government," but positively impact jobs, a strong economy and a healthy environment. If this funding request is granted, the following improvements in capacity are expected:

- Better, faster customer service by creating more online services for regulated parties and partners to submit applications, notifications, data and reports;
- Quicker property redevelopment because of faster responses to applications for assistance and improved response times to record requests;
- Improved and expanded online access to environmental data and information for all Minnesotans;
- Improved data access for staff to complete daily work effectively and efficiently; and
- Enhanced partnerships with local and state government partners by allowing them to use the data systems.

The MPCA proactively engaged regulated entities and county partners in testing the new online services and system capabilities. Customers helped define needed design and performance improvements and areas for new services. Involving the regulated entities has strengthened their support and improved understanding of their needs for performance and quality data returned. Minnesota business organizations have expressed interest in the agency pursuing information and data management system improvements so that transactions would be faster and data would be more transparent and reliable.

Examples of improved capacity with this funding are:

- Over 16,000 feedlot owners would have the ability to report online, at their convenience rather than replying to specific mail requests with limited timeframes. An online service such as this eliminates data entry by staff and thus, does not require rigid reporting times.
- Low risk permit applications (wastewater general, solid waste permit by rule/recycling, feedlot interim and construction short-form permits). The online service would allow nearly automatic issuance, amendments and modifications.
- Over 700 certified designers, installers and inspectors for septic systems would be able to maintain their credentials from all parts of the state, supporting the upgrading of individual wastewater treatment systems for individuals at all income levels.

Equity and Inclusion:

All Minnesotans deserve to live in an environment of clean air, clean water and unpolluted land. To support this effort, the MPCA needs accurate and complete data and must provide that data to all citizens in the decision making processes and reporting of results in accessible and usable formats.

Results:

Permitting results are reported in the annual agency permit timeliness report to the Legislature. Other results will be reported through existing agency program, operational and strategic reports that are displayed and updated on the agency's website.

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>FY14/15</i>	<i>FY16/17</i>	<i>FY18/19</i>
Quantity	Number of online services	10	20	30
Quality	Performance rating (Usability satisfaction)	Fair	Good	Excellent
Results	% of data requests filled online	0	10	50
Results	Increase in government partner access to Tempo	0	1	5

Statutory Change(s):

No statutory change is needed.

Minnesota Pollution Control Agency

FY18-19 Biennial Budget Change Item

Change Item Title: Cleanup Past Pollution: Address Contaminated Air Vapors and Groundwater

Fiscal Impact (\$000s)	FY 2018	FY 2019	FY 2020	FY 2021
Remediation Fund				
Expenditures	675	675	675	675
Revenues	0	0	0	0
Petroleum Fund				
Expenditures	800	800	800	800
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	1,475	1,475	1,475	1,475
FTEs	10	10	10	10

Recommendation:

The Governor recommends an appropriation of \$675,000 in FY18 and FY19 from the Remediation Fund, and \$800,000 in FY18 and FY19 from the Petroleum Fund to the MPCA's Land Program. This initiative will address needed identification and cleanup of contaminated sites and the prevention of leaking underground storage tanks.

Rationale/Background:

The Superfund, Petroleum Remediation, and Underground Storage Tanks programs do not have sufficient resources to address their respective cleanup/prevention workloads. For the Underground Storage Tanks program, this is due to a 44% reduction in federal funding over the last four years. For the Superfund and Petroleum Remediation programs, this is due to new and immediate public health risks that must be addressed. The two key drivers of these increased public health risks are 1) "vapor intrusion" threats and 2) tightening of drinking water standards that, in turn, defined many homes as at risk of exceeding the new, lower limits for contaminants.

Proposal:

The Governor recommends \$1.35 million from the Remediation Fund to the Superfund program in FY18-19 to help address the increased workload because of vapor intrusion threats and the tightening of drinking water standards. The work includes the assessment of newly identified sites, where vapor intrusion is the driving force behind the increase in the agency's work. Since 2010, 78% of the new Superfund sites listed are the result of vapor intrusion problems. In addition, the program is in the process of reassessing previously closed sites for vapor intrusion (1,429 identified sites for potential reassessment) and tightening drinking water standards (626 identified sites for potential reassessment). Tightening drinking water standards for perfluorinated chemicals (PFCs), Trichloroethene (TCE) and other chemicals has also required the agency to do more investigations, testing of private drinking water wells, and installation of treatment systems to provide safe drinking water. The funding would maintain two FTEs and provide one new FTE.

The proposed \$1.6 million from the Petroleum Fund will be split between the Petroleum Remediation (\$700,000) and Underground Storage Tanks (\$900,000) programs. During the 2015 legislative session, the MPCA requested additional funding (\$1.2 million) for the two programs additional funding and it was appropriated for two years. However, the Petroleum Fund was set to sunset at the end of the biennium, so the funding could not be built into the base. Since the Petroleum Fund sunset was extended last year, the proposal provides continuation of the funding to maintain five FTEs. In addition, two new FTEs for the Underground Storage Tanks program are included to meet 3-year federal inspections goals despite continued decreased federal funding.

Timely tank inspections allow problems and petroleum leaks to be discovered before they become much larger spills that are even more expensive to clean up. Of the over 14,000 petroleum leaks sites that were closed prior to 2006, approximately 750 are believed to be high probability as vapor intrusion sites, which could allow carcinogenic VOCs to enter into cracks in basement foundations or through sump or drain systems. The continued funding for the Petroleum Remediation program will allow the agency to continue working through these 750 sites.

Results:

The budget initiative will enable the Superfund Program to accomplish the key strategies outlined above at a significantly greater number of projects in a systematic and sustainable fashion. This will be demonstrated by:

- a. Reduction in the number of sites awaiting assessment and cleanup, both in terms of the currently known active sites that are on the fund-financed list (work done by the State) as well as responsible party led sites;
- b. Progress in prioritizing closed sites for re-assessment due to the emerging contaminants and lowered standards, and a reduction in the backlog of the sites identified for re-assessment by completing the necessary investigations and cleanups.

The Underground Storage Tanks program will be able to complete 100% of its federal inspection commitments on an annual basis, which is the primary performance measure of this program. The Petroleum Remediation Program will close 80% of leaks sites within three years of being reported, and assess all vapor sites within a three-year timeframe.

Statutory Change(s):

No statutory change is required.

Minnesota Pollution Control Agency

FY18-19 Biennial Budget Change Item

Change Item Title: Operating Adjustment

Fiscal Impact (\$000s)	FY 2018	FY 2019	FY 2020	FY 2021
General Fund				
Expenditures	2,361	2,627	2,627	2,627
Environmental Fund				
Expenditures	2,072	3,328	3,328	3,328
Remediation Fund				
Expenditures	322	514	514	514
Petroleum Fund				
Expenditures	53	111	111	111
Net Fiscal Impact = (Expenditures – Revenues)	4,808	6,580	6,580	6,580
FTEs	0	0	0	0

Recommendation:

The Governor recommends additional funding in FY18 and FY19 to maintain the Minnesota Pollution Control Agency's (MPCA) present service delivery and performance levels. This recommendation addresses needed increases in funding from the General Fund, and other funds, due to the increasing costs of compensation and MNIT rates for PCA.

Rationale/Background:

Each year, employer-paid health care contributions, pension contributions, FICA and Medicare, along with other salary and compensation-related costs increase. Other operating costs, like rent and lease, fuel and utilities, and IT and legal services also grow. This cost growth puts pressure on agency operating budgets that remain flat from year to year.

Agencies face challenging decisions to manage these costs within existing budgets, while maintaining the services Minnesotans expect. From year to year, agencies find ways to become more efficient with existing resources. However, cost growth typically outstrips efficiencies, and without additional resources added to agency budgets, service delivery erodes.

For the MPCA, an erosion of services would mean losing the ability to address core agency products and services, including:

- monitoring air, land and water for contaminants
- issuing initial and amendments to permits
- enforcing environmental regulations
- educating to prevent pollution
- finding and cleaning up groundwater contamination
- responding to emergencies and spills, and
- setting environmental rules and policies.

Additionally, the provision of services are not accomplished solely through MPCA staff, but include the ability to perform core agency services through use of technology. This recommendation includes the projected increase in costs for MN.IT services to the MPCA. MN.IT services includes leadership for IT management of agency-based projects, applications and data support, coordination of essential hardware and software, and E-enterprise protective services accomplished through network and data security.

Proposal:

The Governor recommends increasing agency operating budgets to maintain the delivery of current services. For MPCA, this funding will cover expected and anticipated employee compensation growth, including anticipated compensation increases and employer-paid pension costs.

This proposal will also maintain operational stability for the MPCA through an increase of funding for MN.IT-related services. In FY18, MN.IT is moving to a new rate structure that will address structural imbalances in IT costs across the enterprise. This new rate structure proposed by MN.IT Central includes an ongoing increase of \$2,090,000 to agency costs. This request includes amounts from the General Fund to address these increased costs in FY18 and FY19.

Results:

This proposal is intended to allow agencies to continue to provide current levels of service and information to the public.

Statutory Change(s):

No statutory change is needed.

Minnesota Pollution Control Agency

FY18-19 Biennial Budget Change Item

Change Item Title: Groundwater Protection at Construction/Demolition Landfills

Fiscal Impact (\$000s)	FY 2018	FY 2019	FY 2020	FY 2021
General Fund				
Expenditures	1,000	1,000	1,000	1,000
Revenues	0	0	0	0
Other Funds				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	1,000	1,000	1,000	1,000
FTEs	1	1	1	1

Recommendation:

The Governor recommends an appropriation of \$1.0 million in FY18 and \$1.0 million in FY19 from the General Fund to the Minnesota Pollution Control Agency Land Program. This initiative will address current threats to groundwater posed by construction and demolition (C&D) debris in unlined landfills and expand the reuse of demolition materials to reduce the need for these landfills in the future.

Rationale/Background:

When the state's 88 unlined C&D landfills were created, it was believed that disposal of standard construction materials such as brick, mortar, wood, metal, etc. would not pose a groundwater threat. As a result, these landfills were not required to be lined or to have leachate collection systems. Over time, construction materials have changed to include more chemicals, adhesives, and plastics – all of which behave differently than wood, metal and brick when subjected to conditions found in landfills. Today, as precipitation percolates through C&D debris and continue to flow out of landfills, the result is contaminated groundwater.

Groundwater monitoring shows that these unlined demolition landfills are contaminating groundwater. Of the state's 88 unlined C&D landfills, 67 have groundwater monitoring on site, and 42 (63%) of those show groundwater contamination that exceeds Minnesota Department of Health and U.S. Environmental Protection Agency standards. Only four of the monitored sites have shown no contamination at all. The result is a serious, widespread threat to groundwater, the environment and public health.

The problem happens by two processes. The first process occurs when the water and organic materials from the landfills enter the ground and serves to mobilize and concentrate low levels of metals naturally occurring in the soils (i.e. arsenic and manganese), allowing these metals to “flow” into and contaminate the groundwater. The second process occurs when water contaminated by materials in the landfill (i.e. boron and vinyl chloride) seeps through the ground and contaminates groundwater. One or both of these processes may be happening over time in a landfill.

The agency has formed a workgroup from members of the C&D landfill community to identify potential paths forward and a new regulatory system for these landfills. The group has identified the financial burden associated with implementing changes. Additionally, they have identified that a large percentage of the debris going into these landfills could be reused or diverted for other purposes. For example, demolished concrete can be crushed and used as a road base and architectural elements and fixtures from a tear-down can be reused in new construction.

Proposal:

This proposal would offer grants and loans to private and public owners of unlined C&D landfills to help divert waste from these landfills and enable a transition to facilities that are more protective of human health and the environment. The one (1) FTE requested for this initiative would serve as grant manager for this new program.

The following would be allowable uses of the grants or loans:

- To establish or expand programs to recycle/reuse demolition materials, thus reducing the flow of waste into landfills and reducing the threat to groundwater,
- To enhance monitoring for the purpose of better understanding the nature and extent of existing groundwater contamination, and
- To incentivize protective actions while the new regulatory system is being created:
 - Cap and close C&D landfills as appropriate to prevent contamination of groundwater,
 - Install liners and leachate collection systems as appropriate at new/expanding facilities, and
 - Convert C&D landfills to become C&D transfer stations.

Results:

For grants awarded to entities to divert waste from construction and demolition landfills, there will be an ability to measure how much C&D waste was prevented from being taken to landfills.

For unlined C&D landfills that have initiated changes with this initiative's financial assistance, the desired outcome is a reduction in the concentrations of pollutants that currently exceed standards within a year of making financed changes (depending on local groundwater flow rates), with an ultimate desired outcome that all landfills will be able to demonstrate compliance with those standards over time.

Statutory Change(s):

No statutory change is needed.

Minnesota Pollution Control Agency

FY18-19 Biennial Budget Change Item

Change Item Title: Air Appropriation Increase

Fiscal Impact (\$000s)	FY 2018	FY 2019	FY 2020	FY 2021
Environmental Fund Expenditures	150	303	303	303
Net Fiscal Impact = (Expenditures – Revenues)	150	303	303	303
FTEs	0	0	0	0

Recommendation:

The Governor is proposing an increase of \$150,000 in FY 2018 and \$303,000 in FY 2019 from the Environmental Fund to the MPCA's Air Program. The appropriation increase will maintain service levels provided by the Air Program to industrial and municipal regulated parties given the increased costs of program and support expenses.

Rationale/Background:

The federal Clean Air Act (CAA) includes a requirement for states to charge air emission fees to cover the cost of issuing permits to facilities that emit air pollutants. The CAA also requires air permit fee increases to cover inflation and ensure that adequate resources are available to meet the requirements of the Act. Salaries, benefits, and program support costs are all projected to increase modestly in FY 2016-17.

State law directs the MPCA to increase fees to cover the reasonable costs of our Air Program. Specifically, M.S. 116.07, subd. 4d (b) authorizes the agency to increase air permit fees to cover the costs of delivering the air quality program. However, they must request an increase in spending authority equal to the incremental increase in fees. Without the requested increase, spending authority for the Air Program will remain at FY 2016-17 levels. With program costs increasing by the rate of inflation, appropriations that remain at FY 2016-17 levels would force the MPCA to reduce program service levels in FY 2018-19.

Proposal:

The Governor's proposal has accounted for program costs increases in FY 2018-19. The MPCA is directed by state and federal law to increase annual air emission fees to cover the increased costs of delivering program services to our regulated parties. Air emission fees, including this incremental increase, are deposited to the Environmental Fund. This proposal would increase the agency's authorized appropriation to the Air Program from the Environmental Fund equal to the increase in emission fees that will be generated in FY 2018 and FY 2019 under the inflationary cost provisions in statute.

The impact to the MPCA's Air Program of this requested funding increase is the ability to maintain provision of services at the delivery levels in the FY16-17 biennium. Several measures within Air Program operations will demonstrate the success of this proposal. These include whether the agency is able to maintain the same level of program staffing; continue the pace of processing permit applications; continue site inspections and enforcement routines; and continue prompt response to requests for technical assistance and the review of complex operational plans and applications, particularly from companies in mining, energy and manufacturing sectors.

Results:

The primary outcome is the maintenance of service levels from biennium to biennium. The increased costs addressed by this request cover all aspects of the Air Program related to permitting activity, including regulatory work and air quality monitoring.

Statutory Change(s):

No statutory change is needed.

Minnesota Pollution Control Agency

FY18-19 Biennial Budget Change Item

Change Item Title: EQB Environmental Review Continuous Improvement

Fiscal Impact (\$000s)	FY 2018	FY 2019	FY 2020	FY 2021
General Fund				
Expenditures	375	375	375	375
Revenues	0	0	0	0
Other Funds				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	375	375	375	375
FTEs	1	1	1	1

Recommendation:

The Governor recommends an appropriation of \$375,000 in FY18 and \$375,000 in FY19 from the General Fund to the Environmental Quality Board (EQB) to sustain and augment Environmental Review (ER) efficiency improvements and to develop a local government outreach and training program.

Over the past two years, the EQB has made a series of process improvements to provide for greater accountability and more timely and effective Environmental Review. Highlights include accelerated EQB Monitor publication, electronic submission of ER documents, real-time surveys of governmental units and citizens, and proposed updates to ER rules. These changes were enabled by a onetime appropriation in 2015. These efforts require an ongoing investment to complete the rulemaking, broaden the scope of data collection and ensure timely technical support to local governments and state agencies. This change would make the onetime appropriation an ongoing investment in process efficiency, effectiveness, and accountability.

In addition to sustaining a successful ER continuous improvement effort, this proposal funds 1 FTE to develop and implement a training program to assist local government staff, citizens and project proposers. This program fills a critical gap in educating local units of government about the Environmental Review purpose and process. Provision of training would result in local governments, such as cities, townships, and counties, becoming better equipped to more efficiently review proposed developments. Similarly, training materials developed for citizens and project proposers will enable these groups to better participate in the Environmental Review process.

Rationale/Background:

The EQB provides oversight for Environmental Review statewide. The ER Program is designed to inform governmental decision makers, project proposers, and the public about a proposed project's potential environmental impacts and possible mitigation measures.

Much has changed since Environmental Review rules (Minn. Rules 4410) were initially drafted over 40 years ago. As regulators and communities have gained experience with a host of different projects, and as technology has enabled the evolution of project designs and mitigation measures, the ER Program is in need of regular updates. Rulemaking with the intent of increasing efficiency is underway, but cannot be sustained without this proposed investment.

The Governor's proposal aims to reduce Environmental Review timelines and increase Environmental Review effectiveness, as measured through ongoing surveys of governmental units. While the average time to complete an EAW is 75 days upon submission to the EQB, the time required to prepare the document varies greatly. Data collection efforts are underway to track timeliness each year to better understand trends in Environmental Review. Oftentimes, Environmental Reviews are conducted by governmental units with such irregularity that timelines can stretch out due to a steep learning curve. For example, in 2016, 60% of Environmental Reviews were completed by local units of government across the state. This investment will provide training and support so that counties, cities, and townships implementing environmental review are better prepared, and will enable ongoing evaluation of the program rules to identify and make updates.

Proposal:

The Governor proposes a continuation and modest expansion of an Environmental Review continuous improvement effort at the EQB. Permit and Environmental Review timeliness has been a priority of partner agencies for many years. This proposal complements these ongoing efforts by adding a rigorous survey research program, ongoing rule updates, and an outreach and training program. Combined these efforts work to ensure positive environmental outcomes, while reducing regulatory timelines, inefficiencies, and errors.

The Environmental Review program has been using Results Based Accountability principles to collect data on the outcomes of the Environmental Review process to better assess where meaningful improvements can be made. Through targeted and sustained data collection, ER programmatic and rule updates can be better tailored to areas of concern, while ensuring positive environmental and public engagement outcomes. This use of data in ER program updates will result in greater accountability and more efficiency. An Environmental Review efficiency rulemaking is underway and will move forward with this appropriation. This proposal will enable faster response times and more robust technical assistance to local governments.

In survey responses, local governments and citizens have asked the EQB for greater Environmental Review outreach and training. The additional resources would fund 1 FTE to develop and implement a training program to assist local government staff, citizens and project proposers. This training would result in cities, townships, and counties being more prepared to efficiently review proposed development, as well as citizens and project proposers being more knowledgeable on how to participate in the Environmental Review process.

Results:

The data shown below was not previously collected and aggregated. This provides a baseline for identifying trends. Some of this data was collected through surveys of Responsible Governmental Units (RGUs).

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Quantity	Average time for an EAW to be completed upon submission to EQB	N/A	75 days	2016
Quality	RGU survey question: Environmental Review provided a unique opportunity for public participation.	None	60% of respondents agree	2016
Results	RGU survey question: Environmental Review identified mitigation measures that would not have otherwise been identified, and are likely to include them in permits.	None	More than 50% of respondents agree	2016

Statutory Change(s):

This proposal does not include any statutory changes.

Minnesota Pollution Control Agency

FY18-19 Biennial Budget Change Item

Change Item Title: Establish Goal to Improve Water Quality 25% by 2025

Fiscal Impact (\$000s)	FY 2018	FY 2019	FY 2020	FY 2021
General Fund				
Expenditures	250	0	0	0
Other Funds				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	250	0	0	0
FTEs	0	0	0	0

Recommendation:

The governor recommends \$250,000 from the general fund in FY2018 to conduct a stakeholder and public engagement process across Minnesota seeking input on how to reach a statewide goal to improve water quality by 25% by 2025.

Rationale/Background:

In the land of 10,000 lakes, Minnesotans expect clean, affordable water, no matter where they live. However, more than 40 percent of Minnesota's waters are listed as impaired or polluted. Drinking water is increasingly at risk from both pollution and aged-out infrastructure. Aquatic invasive species have infested more than 550 lakes statewide. Currently, the state is committed to clean water with the Clean Water, Land and Legacy Amendment until 2034. Each year about \$85 million from the Clean Water Fund is invested in various water management activities. Without additional action, the quality of Minnesota's waters is expected to improve only 6 to 8 percent by 2034. To ensure that Minnesota's fish are safe to eat, that our water is safe to drink and our lakes are safe for swimming, we need to do more. To move forward, citizens, government, businesses, and stakeholder groups must work together to identify regionally-specific priorities, create a shared vision for what a 25% improvement will look like for different parts of the state, and develop strategies to get us there. This budget initiative is designed to engage communities across Minnesota to collaborate on solutions to accelerate the pace of water quality improvement.

Proposal:

The Health Department, Department of Natural Resources, Pollution Control Agency, Department of Agriculture, Board of Water and Soil Resources, Metropolitan Council, Public Facilities Authority, and Environmental Quality Board are launching a collaborative civic engagement process from June through December 2017 to gather input on reaching a Water Quality Improvement Goal of 25% by 2025. This new initiative builds on existing water-quality improvement programs within state and local government, but has the distinct purpose of catalyzing local input on, and support towards, the 25% improvement goal. This civic engagement process will help to accelerate the pace of progress toward water quality improvements by providing citizens opportunities to shape local and regional-specific solutions for improving water quality in their communities.

The 2017 civic engagement process will include:

- Organizing ten town hall events in Greater Minnesota and in the Twin Cities Metro Region to gather input from citizens.
- Generating regionally specific educational "toolkits" for public dissemination with background information on water challenges and successes.
- Holding targeted meetings with key stakeholders in different regions of the state to discuss community needs and priorities.
- Developing online resources and platforms that support public involvement.
- Developing a final report with results from the public engagement process.

The Governor recommends \$250,000 from the general fund for agency activities necessary to support the planning and implementation of this civic engagement initiative. The funding would support technical and project-management staff time as well as additional costs related to producing educational materials and holding public meetings. Each agency will contribute to

this process based on their expertise and capacities. This proposal provides the following funding to agencies and allows them to transfer these resources as necessary for implementation:

- Agriculture Department: \$47,000
- Board of Water and Soil Resources: \$26,000
- Environmental Quality Board: \$67,000
- Health Department: \$30,000
- Natural Resources Department: \$26,000
- Pollution Control Agency: \$54,000

Results:

The budget initiative will enable the cooperating agencies to receive a significantly wider range of input regarding the 25% by 2025 Water Quality Improvement Goal than is currently provided for under existing programs and budgets. Agencies will report on the quantity of public participation across the various engagement forums (in-person meetings, online participation); the quality of ideas generated; and the extent of implementation. By December 15, 2017, the cooperating agencies will submit a report to the Governor and the Legislative Water Commission on the results of the public input process, including policy and budget recommendations.

Statutory Change(s):

The proposed legislative initiative will affect the following statute:

Section 103A.213

Minnesota Pollution Control Agency

FY18-19 Biennial Budget Change Item

Change Item Title: CWF Monitoring and Assessment

Fiscal Impact (\$000s)	FY 2018	FY 2019	FY 2020	FY 2021
General Fund				
Expenditures	8,275	8,275	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	8,275	8,275	0	0
FTEs	44.4	44.4	0	0

Recommendation:

The Governor recommends an appropriation of \$8.275 million in FY 2018 and \$8.275 million in FY 2019 from the Clean Water Fund (CWF) to the MPCA's Water Program. This recommendation continues the systematic progress of monitoring and assessing lakes, rivers and streams; to detect long-term changes over time in water quality; and to identify waters to restore, those requiring protection from future degradation, and those that have been restored due to recent efforts. The monitoring data generated through this appropriation are foundational to other CWF-funded activities, such as targeting watershed restoration and protection plans to ensure greatest effectiveness and supporting One Watershed-One Plan efforts at the local level.

The recommended appropriation of \$16.55 million for FY 2018-19 is a 1.2% reduction from FY 2016-17. The amount requested for FY 2018-19 will cover higher costs of compensation, including higher compensation costs embedded in the monthly billing from MN.IT Services. Staffing funded by this request will continue at current levels.

Rationale/Background:

To be successful preventing and addressing problems, the MPCA requires good information about the status of Minnesota's water resources: potential and actual threats, options for addressing the threats, and data on how effective Minnesota's management actions have been. The surface water monitoring and assessment program is focused on providing that critical information. To fulfill the requirements of the state Clean Water Legacy Act (CWLA) and the federal Clean Water Act (CWA), MPCA has a strategy to assess the condition of Minnesota's waters on a 10-year cycle via a combination of MPCA monitoring; monitoring by other local, state and federal agencies; citizen monitoring; and remote sensing. An outcome of this monitoring is the identification of waters that are impaired (i.e., do not fully support uses such as swimming and fishing and therefore need restoration). Over time, this monitoring program also identifies trends in water quality. This helps determine whether water quality is improving or worsening, and identifies the overall effectiveness of management actions.

In 2002, the Office of the Legislative Auditor (OLA) noted the requirement to identify, evaluate, and restore waters was significantly underfunded. In 2003, the Legislature directed us to engage stakeholders in developing an efficient and accountable path to clean water. In 2005, court rulings cited the impaired waters section of the federal CWA in blocking the issuance of a wastewater permit to the cities of Annandale and Maple Lake. This action added momentum for passage of the state's CWLA in 2006. In 2008, Minnesotans approved the Clean Water, Land and Legacy Amendment that provides 25 years of constitutionally dedicated funding—an increase in the state sales tax—for clean water, habitat, parks and trails, and the arts.

This proposal for surface water monitoring funding will enable the MPCA to continue its work toward the goals of the CWLA. That law directs identification of impaired waters in 10 years, and thereafter to continue evaluating surface waters for impairments, allowing for prompt delisting and examining effectiveness of management actions. The MPCA works with other state agencies on an inter-agency team to coordinate programs related to this Clean Water effort, and with local partners. Collectively, state agencies use a watershed approach by first identifying the health of Minnesota's water resources, identifying impaired waters and those in need of protection, and implementing watershed-specific restoration and protection plans based on this information.

As indicated in the OLA's 2002 report, prior to the Legacy Amendment funding was insufficient to complete our monitoring and assessment efforts across the state in a reasonable timeframe. The watershed approach is holistic, addressing the chemical, physical, and biological needs of the watershed. Working at a watershed scale is more efficient and effective. This approach manages the system by looking at protection as well as restoration needs, and allows for adaptive management as results are tracked and reported systematically across the state. Monitoring and assessment are foundational to the watershed approach.

Proposal:

The Governor proposes continuing the use of Clean Water Funds in FY 2018-19 for monitoring, which includes: biological, chemical, and habitat monitoring at lakes, streams and rivers. Data are evaluated to determine if waters are impaired and inform solutions to watershed problems, protection options, and overall watershed planning efforts. Chemical monitoring is also conducted at watershed outlets to further inform implementation efforts and track changes over time. Additionally, the MPCA monitors a representative subset of surface waters for contaminants of new and emerging concern and develop risk-based screening values to evaluate the risks to fish, and other aquatic life important to the food chain, associated with these contaminants.

Funding would support both a continuation of MPCA monitoring and assessment staff and operating costs, as well as contracts to local partners that conduct monitoring on behalf of the state's watershed monitoring and assessment process.

Results:

Cumulative Percent of Watersheds Monitored

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
% Monitored	1%	4%	13%	21%	30%	44%	53%	61%	73%	86%	92%	

This funding would allow continuation of efforts to monitor every watershed in Minnesota, track pollutant loadings over time, and evaluate contaminants of emerging concern. The agency routinely reviews monitoring designs to ensure these activities are as cost effective as possible and that data yielded from this monitoring work is being used as much as possible. Monitoring progress is routinely measured both within the MPCA and through the biennial Clean Water Fund Performance Report. The 2016 Clean Water Fund Performance Report is available on the Legacy website at <https://www.pca.state.mn.us/sites/default/files/lrp-f-3sy16.pdf>. This performance report uses 18 factors to gauge progress on protecting and restoring the state's water resources.

Statutory Change(s):

No statutory change is needed.

Minnesota Pollution Control Agency

FY18-19 Biennial Budget Change Item

Change Item Title: CWF Watershed Restoration and Protection Strategies

Fiscal Impact (\$000s)	FY 2018	FY 2019	FY 2020	FY 2021
Clean Water Fund Expenditures	10,231	10,232	0	0
Net Fiscal Impact = (Expenditures – Revenues)	10,231	10,232	0	0
FTEs	40.3	40.3	0	0

Recommendation:

The Governor recommends an appropriation of \$10.231 million in FY 2018 and \$10.232 million in FY 2019 from the Clean Water Fund to the MPCA's Water Program to continue the systematic progress in developing protection and restoration strategies for the state's watersheds. The funding will enable the development of strategies to address point and nonpoint sources of pollution. This recommendation supports the agency's work with local partners, continues restoration efforts of impaired watersheds, and sets strategies to protect unimpaired watersheds.

The recommended appropriation of \$20.463 million for FY 2018-19 is a 1% increase from the amount appropriated in FY 2016-17. The amount will cover higher costs of compensation, including higher compensation costs imbedded in the monthly billing from MN.IT Services. Staffing funded by this request will continue at current levels.

Rationale/Background:

The state Clean Water Legacy Act (CWLA) and the federal Clean Water Act (CWA) require the state to make reasonable progress in assessing waters of the state for impairments and in developing plans for restoring waters to their intended uses. In 2002, the Office of the Legislative Auditor (OLA) noted the requirement to identify, evaluate, and restore waters was significantly underfunded. In 2003, the Legislature directed us to engage stakeholders in developing an efficient and accountable path to clean water. In 2005, court rulings cited the impaired waters section of the federal CWA in blocking the issuance of a wastewater permit to the cities of Annandale and Maple Lake. This action added momentum for passage of the state's CWLA in 2006. In 2008, Minnesotans approved the Clean Water, Land and Legacy Amendment that provides 25 years of constitutionally dedicated funding—an increase in the state sales tax—for clean water, habitat, parks and trails, and the arts.

This proposal enables the MPCA to continue work toward the goals of the CWLA. That law directs the agency to identify impaired waters in 10 years and to complete 10% of total maximum daily load (TMDLs) studies and watershed restoration and protection strategies (WRAPS) each year. The MPCA works with other state agencies on an inter-agency team to coordinate programs related to this Clean Water effort, and with local partners to ensure local conditions are understood and implementation plans are properly targeted. Collectively, state agencies use a watershed approach by first identifying the health of Minnesota's water resources, then identifying impaired waters and those in need of protection, and finally implementing watershed-specific restoration and protection plans based on this information.

As indicated in the OLA's 2002 report, prior to the Legacy Amendment, funding was insufficient to complete monitoring and assessment efforts across the state in a reasonable timeframe. Additionally, little funding existed for developing watershed restoration and protection strategies, including TMDL studies. The watershed approach is holistic, addressing the chemical, physical, and biological needs of the watershed. Working at a watershed scale is more efficient and effective. This approach manages the system by looking at protection as well as restoration needs, and allows for adaptive management as results are tracked and reported systematically across the state.

Proposal:

The Governor proposes continuation of funding for FY 2018-19. Appropriations from the Clean Water Fund may only be authorized as one-time funding.

In 2008, the MPCA began a watershed approach to systematically and comprehensively conduct the state's water-quality monitoring, restoration and protection planning needs on a 10-year cycle. WRAPS, including TMDLs, are developed with local partners to set strategies for restoring impaired waters and protecting unimpaired waters by setting reduction and protection goals, milestones, and measures to guide state and local government implementation efforts. WRAPS and TMDLs are foundational to the development of science-based, efficiently targeted local water plans.

Results:

This funding will enable the MPCA to continue its progress on the development of WRAPS and TMDL studies that identify both the pollution reduction needed to restore waterbodies that do not fully support beneficial uses such as swimming or a healthy fishery, and what is needed to protect watersheds that still fully support these beneficial uses of our waters. This funding will enable continued progress on TMDL completion, which has accelerated with the advent of the Clean Water Fund. Thirty-seven lakes and streams have been restored to date.

Approved TMDLs in Minnesota

Calendar Year	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Number of TMDL Listings	3	9	49	96	148	167	211	235	284	341	463	561	662

Currently, all Minnesota watersheds have WRAPS development projects underway. Sixteen (20%) of the state's 80 watersheds have completed WRAPS. With this funding, about two-thirds of the state's WRAPS will be completed by the end of the biennium, with many more well on the way to completion. The first generation of all WRAPS are scheduled to be completed by the end of the FY2022-23 biennium.

The MPCA tracks projects and funding on the Legislative Coordinating Commission's website, Clean Water Fund Performance Reports webpage <http://www.legacy.leg.mn/funds/clean-water-fund/clean-water-fund-performance-reports>, which includes all recipients of the funds. The 2016 Clean Water Fund Performance Report is available on the Legacy website at <https://www.pca.state.mn.us/sites/default/files/lrp-f-3sy16.pdf>. This performance report uses 18 factors to gauge progress on protecting and restoring the state's water resources.

Statutory Change(s):

No statutory change is needed.

Minnesota Pollution Control Agency

FY18-19 Biennial Budget Change Item

Change Item Title: CWF Groundwater Assessment

Fiscal Impact (\$000s)	FY 2018	FY 2019	FY 2020	FY 2021
Clean Water Fund Expenditures	1,181	1,182	0	0
Net Fiscal Impact = (Expenditures – Revenues)	1,181	1,182	0	0
FTEs	3.8	3.8	0	0

Request:

The Governor recommends an appropriation of \$1.181 million in FY 2018 and \$1.182 million in FY 2019 from the Clean Water Fund to the Minnesota Pollution Control Agency's (MPCA) Water Program. This appropriation continues the operation of Minnesota's groundwater monitoring network, ensuring continued assessment, monitoring and protection of the state's groundwater.

The recommended appropriation of \$2.363 million for FY 2018-19 is similar to the \$2.364 million appropriated in FY 2016-17. The amount will cover higher costs of compensation, including higher compensation costs embedded in the monthly billing from MN.IT Services. Staffing funded by this request may increase by 1 FTE to address the need for more staff time to analyze the data collected by the now fully operational monitoring network. The costs of an additional FTE will be offset by decreased monitoring well installation costs.

Rationale/Background:

Clean Water Fund (CWF) monies are dedicated to protect, enhance, and restore water quality in lakes, rivers, streams, and groundwater, with at least five percent targeted to protecting drinking water sources. The majority of Minnesota's citizens receive their drinking water from groundwater sources. Groundwater monitoring and assessment helps the MPCA and local and state partners understand groundwater quality and investigate potential sources of contamination to the state's groundwater.

The CWF provides support to groundwater assessment efforts, including groundwater monitoring, modeling, and assessment of contaminants of emerging concern in groundwater. The MPCA's ambient groundwater monitoring network serves as an early-warning system of contaminants reaching groundwater. The program provides data and information to understand the quality of Minnesota's groundwater – including trends over time – and evaluate progress in protecting it from contamination by non-agricultural chemicals. Groundwater quality data, modeling, and information about surface water and groundwater interactions also inform restoration and protection strategies developed by the MPCA and its partners.

Proposal:

The Governor proposes continuation of funding for FY 2018-19. Appropriations from the Clean Water Fund may only be authorized as one-time funding.

The requested funding would continue the MPCA's work in groundwater assessment and drinking water protection to track contaminant trends in an early warning well network, assess downward migration of key contaminants into drinking water aquifers, investigate potential new sources of contamination to the state's groundwater, and better understand the interaction between ground and surface waters in specific areas. Groundwater quality data, modeling, and information about surface water and groundwater interactions will inform restoration and protection strategies developed by the MPCA and local and state partners, advancement of groundwater protection best management practices, and evaluation of their effectiveness in protecting groundwater for drinking, irrigation and healthy lakes and streams.

With this funding, the agency will continue to monitor a groundwater quality monitoring network of about 270 wells across the state. The network targets aquifers that are most likely to be polluted with non-agricultural chemicals, typically shallow aquifers that underlie urban areas of the state. Annual sampling of the network wells occurs for conventional pollutants, and a subset of

40 wells are monitored for contaminants of emerging concern. Monitoring data are analyzed to evaluate groundwater conditions and trends. This information is shared with state and local partners and the public to inform drinking water protection activities.

Staff also work with the US Geological Survey and others to better understand the relationships among groundwater recharge, precipitation, streamflow, and lake levels and water quality. This work informs protection efforts for both groundwater and surface water.

The funding will also support the evaluation of potential sources of concern for groundwater contamination to ensure requirements and best management practices (BMPs) are protective of groundwater resources.

Results:

Since the advent of the CWF, MPCA has established the groundwater quality monitoring network and is beginning to have sufficient data to calculate trends in groundwater quality for vulnerable aquifers. The agency routinely reviews monitoring designs to ensure these activities are as cost effective as possible and that data yielded from this monitoring work is being used as much as possible. Monitoring progress is routinely measured both within the MPCA and through the biennial Clean Water Fund Performance Report. The 2016 Clean Water Fund Performance Report is available on the Legacy website at <https://www.pca.state.mn.us/sites/default/files/lrp-f-3sy16.pdf>. Additional information about this monitoring effort and the data collected can be found in the "2015 Groundwater Monitoring Status Report" (<https://www.egb.state.mn.us/sites/default/files/documents/App%20B%202015%20Groundwater%20Monitoring%20Status%20Report.pdf>).

Groundwater Quality Monitoring Wells

Fiscal Year	2011	2012	2013	2014	2015	2016
Monitoring at Existing Network Wells	114	120	114	107	107	109
Monitoring at Newly-Installed Network Wells	<u>60</u>	<u>78</u>	<u>96</u>	<u>126</u>	<u>137</u>	<u>161</u>
Total Number of Monitoring Wells	174	198	210	233	244	270
Monitoring Network Goal Number of Wells	270	270	270	270	270	270
% of Goal Number of Wells Monitored	64%	73%	78%	86%	90%	100%

Statutory Change(s):

No statutory change is needed.

Minnesota Pollution Control Agency

FY18-19 Biennial Budget Change Item

Change Item Title: CWF Enhanced County Inspections/SSTS Corrective Actions

Fiscal Impact (\$000s)	FY 2018	FY 2019	FY 2020	FY 2021
Clean Water Fund Expenditures	3,900	3,900	0	0
Net Fiscal Impact = (Expenditures – Revenues)	3,900	3,900	0	0
FTEs	3.3	3.3	0	0

Recommendation:

The Governor recommends an appropriation of \$3.9 million in FY 2018 and \$3.9 million in FY 2019 from the Clean Water Fund to the Minnesota Pollution Control Agency's (MPCA) Water Program. This appropriation continues technical assistance efforts and funds county implementation of subsurface sewage treatment systems (SSTS) program requirements (M.S. 115.55) including issuing permits, conducting inspections, identifying and resolving non-compliant SSTS, and revising and maintaining SSTS ordinances.

The recommended appropriation of \$7.8 million for FY 2018-19 is a 7.6% increase from the amount appropriated in FY 2016-17. Staffing funded by this request will continue at current levels.

Rationale/Background:

This proposal enables the MPCA to continue its work toward the goals of the Clean Water Legacy Act (CWLA). That law directs the agency to achieve compliance with federal Clean Water Act requirements in Minnesota, to support effective measures to prevent the degradation of groundwater according to the groundwater degradation prevention goal under M.S. [103H.001](#); and to support effective measures to restore degraded groundwater. The Subsurface Sewage Treatment Systems (SSTS) program works with the Implementation and Enforcement Task Force (M.S. 115.55), the Advisory Committee, Local Governmental Units and the industry to coordinate the SSTS program to ensure that the approximately 540,000 SSTS's in the state protect human health and the states waters.

Prior to the Legacy Amendment, funding was insufficient to assure new and existing of SSTS's throughout the state did not result in illegal discharges to surface waters or to groundwater without treatment. Counties receive \$1.8 million per year by formula for local level implementation and enforcement of the SSTS program. This approach has proved very effective in systematically addressing compliance across the state. An additional \$750,000 of this funding is given to and granted out from counties as assistance for low income households to upgrade or replace their SSTS's when they are failing. The requests from counties for these low-income targeted funds is always much greater than the amount of money available. In 2015 we received requests totaling \$1,749,722 but only \$750,000 was available. This initiative's requested increase from the amount appropriated in FY 2016-17 will more fully address this need.

Proposal:

The Governor proposes continuation of funding for FY 2018-19. Appropriations from the Clean Water Fund may only be authorized as one-time funding.

This funding supports technical assistance and county implementation of SSTS program requirements (under M.S. 115.55), including issuing permits, conducting inspections, identifying and resolving non-compliant SSTS, and revising and maintaining SSTS ordinances.

Results:

Over the past seven years, counties have estimated the following:

- The percent of systems in compliance has increased from 65% to 79%;
- The percent failing to protect groundwater has decreased from 25% to 16%, and;

- Those that pose an imminent threat to public health to have decreased from 11% to 5%. Over 14,500 compliance inspections of existing systems were done in 2015.

In 2015:

- 136 SSTS were connected to a centralized sewer,
- 334 were abandoned or removed and
- 10,972 SSTS systems were new or replaced.

The MPCA provides annual reports of the local governmental efforts and funding on the Legislative Coordinating Commission's website, Clean Water Fund Performance Reports webpage <http://www.legacy.leg.mn/funds/clean-water-fund/clean-water-fund-performance-reports>, which includes all recipients of the funds. The 2015 SSTS Annual Report is available on the Legacy website at <https://www.pca.state.mn.us/sites/default/files/lrp-f-3sy16.pdf>. This report uses a number of factors to gauge progress on protecting and restoring the state's water resources.

Statutory Change(s):

No statutory change is needed.

Minnesota Pollution Control Agency

FY18-19 Biennial Budget Change Item

Change Item Title: CWF Great Lakes Restoration Project

Fiscal Impact (\$000s)	FY 2018	FY 2019	FY 2020	FY 2021
Clean Water Fund Expenditures	\$838	\$837	\$0	\$0
Net Fiscal Impact = (Expenditures – Revenues)	\$838	\$837	\$0	\$0
FTEs	0.7	0.7	0	0

Recommendation:

The Governor recommends an appropriation of \$838,000 in FY 2018 and \$837,000 in FY 2019 from the Clean Water Fund to the Minnesota Pollution Control Agency's (MPCA) Water Program. Continuing to implement the St. Louis River Area of Concern Remedial Action Plan will leverage federal money to restore the St. Louis River Area of Concern located in the lower reaches of the St. Louis River Watershed in the Lake Superior Basin. The St. Louis River Area of Concern is a source of drinking water and economic development for the City of Duluth, and an important ecological resource for the state. The St. Louis River Area of Concern is a listed "Area of Concern" under the Great Lakes Water Quality Agreement and is a priority for the federal Great Lakes Restoration Initiative.

The recommended appropriation of \$1.675 million for FY 2018-19 is a 11.7% increase from the amount appropriated in FY 2016-17. The amount will cover planned contractual and partnership agreement related program work as well as higher costs of compensation, including higher compensation costs embedded in the monthly billing from MN.IT Services. Staffing funded by this request will continue at current levels.

Rationale/Background:

The St. Louis River Remedial Action Plan addresses the State of Minnesota's commitment to meet the goal of restoring Areas of Concern within the Great Lakes basin as called for by the 2012 Great Lakes Water Quality Agreement and the Great Lakes Restoration Initiative Action Plan II. Major actions in Minnesota include addressing contaminated sediments at 10 remaining contaminated sediment sites and restoring approximately 1,700 acres of aquatic habitat that will address historic degradation and will restore fish and wildlife habitat.

Implementation of the St. Louis River Area of Concern Remedial Action Plan will remove eight (8) remaining identified impairments through implementation of a variety of major clean up and restoration actions designed to be completed by 2020. This will lead to formal delisting of the Area of Concern by 2025.

Proposal:

The Governor proposes continuation of funding for FY 2018-19. Appropriations from the Clean Water Fund may only be authorized as one-time funding.

This funding supports continued work on Great Lakes restoration projects in the St. Louis River Area of Concern, planned and carried out with local and federal partners. Individual projects require at least a 65:35 non-state local match for every CWF dollar. Additionally, through use of these funds, the MPCA expects to leverage approximately \$7.8 million in federal funding and resources in FY18-21 to complete major project work.

St. Louis River Area of Concern Remedial Action Plan implementation is accelerating clean-up work in FY18-19. MPCA will oversee and coordinate the efforts of federal, tribal and state partners, leading continuation of the Remedial Action Plan Partnership Agreement with the U.S. Army Corps of Engineers and other contracts pertaining to specific clean-up actions in the plan, and manage several large habitat restoration projects in cooperation with our state and federal partners.

The MPCA anticipates requiring CWF resources through FY2025 for completion of work in the St. Louis River Area of Concern. Major project construction is anticipated to be completed in FY2021. The remainder of the work will be post-construction monitoring and preparation of documentation for impairment designation removal and Area of Concern delisting.

Results:

- Clean Water Fund appropriations to date have leveraged over \$20 million of non-state funds to develop and begin implementation of the St. Louis River Remedial Action Plan. Implementation of priority actions to fulfill Minnesota obligations under the Great Lakes Water Quality Agreement and the Great Lakes Restoration Initiative Action Plan Priority 1 have included contaminated sediment assessment and characterization, remedial investigation/feasibility study, identification of contaminated sediment cleanup sites requiring action, engineering design of priority habitat restoration sites, and development of a St. Louis River Area of Concern data system.
- MPCA's FY16-17 Clean Water Fund appropriation of \$1,500,000 is being utilized to continue the successful US Army Corps of Engineers Remedial Action Plan Partnership Agreement to complete habitat restoration site design and to provide staff funding required to implement the St. Louis River Area of Concern Remedial Action Plan. MPCA has already leveraged approximately \$8,300,000 in non-state funds and in-kind activity and we anticipate more prior to the end of FY2017 as non-state funds are devoted to priority aquatic habitat restoration construction activities in 2016 and 2017.

The MPCA tracks its projects and funding on the Legislative Coordinating Commission's website, Clean Water Fund Performance Reports webpage <http://www.legacy.leg.mn/funds/clean-water-fund/clean-water-fund-performance-reports>, which includes all recipients of the funds.

Statutory Change(s):

No statutory change is needed.

Minnesota Pollution Control Agency

FY18-19 Biennial Budget Change Item

Change Item Title: CWF Accelerated Implementation of MS4 Permit Requirements

Fiscal Impact	FY 2018	FY 2019	FY 2020	FY 2021
Clean Water Fund Expenditures	279	278	0	0
Net Fiscal Impact = (Expenditures – Revenues)	279	278	0	0
FTEs	2.0	2.0	0	0

Recommendation:

The Governor recommends appropriation of \$279,000 in FY 2018 and \$278,000 in FY 2019 from the Clean Water Fund to the Minnesota Pollution Control Agency's (MPCA) Water Program. Funds will provide assistance for accelerated implementation of Municipal Separate Storm Sewer System permit requirements.

The amount will cover costs of compensation, including compensation costs imbedded in the monthly billing from MN.IT Services. Staffing funded by this request will continue at current levels.

There were no dollars appropriated for this activity in FY 2016-17.

Rationale/Background:

Stormwater runoff is a major source of water for Minnesota's 11,000 plus lakes and 92,000 miles of rivers and streams. Minnesota's population density and amount of impervious surface have increased dramatically over the past century. Consequently, many of Minnesota's waters have been affected by pollutants in runoff from urban and agricultural sources, with the result that many of our lakes, rivers, and streams have been listed as impaired.

It is the goal of Minnesota Pollution Control Agency's (MPCA) Stormwater Program to prevent or reduce pollutants associated with stormwater runoff from being flushed into our lakes, rivers, streams, and wetlands. This is done by implementing the National Pollutant Discharge Elimination System (NPDES) program under Minnesota Rules 7001, 7050, 7060, 7090, as enabled by the Clean Water Act, for regulated industrial, municipal, and construction stormwater sources. The Stormwater Program is still relatively new compared to some of the other core compliance, enforcement, and permitting programs in the agency. The program is implemented primarily through general permits, with the Municipal Separate Storm Sewer System (MS4) General Permit now on its second cycle.

The Stormwater Program has very vocal, interested regulated parties, industry groups, and environmental groups whose feedback needs to be considered when establishing program direction. What the agency has heard from the regulated parties, particularly the regulated MS4s, is that there is a significant need for assistance in implementing permit requirements, in the form of templates, check-lists, guidance documents, assistance visits, etc. MPCA staff have found that after two permit cycles and traditional inspection and assistance activities, regulated MS4s are not meeting some of the basic permit requirements.

Proposal:

The Governor's proposal redirects funding that was previously associated with research and tool development to accelerated permit implementation. Accelerated MS4 permit implementation will be accomplished through extensive technical assistance, guidance development, and direct outreach to MS4s. The proposal is intended to bring all regulated MS4s up to a standard baseline, with recognition that some may have more advanced programs than others. Staff will work in concert with the regulated MS4s to determine what is needed, as MS4s vary in size, available resources, state status of stormwater program development, and needs. In addition, depending on what is learned from the MS4s, new research needs may be discovered.

Results:

This proposal will be measured by: number of site visits completed, number and types of BMPs implemented, number and types of assistance documents developments, and eventually through the 10-year watershed monitoring cycle, through actual water quality data.

Statutory Change(s):

No statutory change is needed.

Minnesota Pollution Control Agency

FY18-19 Biennial Budget Change Item

Change Item Title: CWF Watershed Research and Database Development

Fiscal Impact (\$000s)	FY 2018	FY 2019	FY 2020	FY 2021
Clean Water Fund				
Expenditures	1,155	1,155	0	0
Net Fiscal Impact = (Expenditures – Revenues)	1,155	1,155	0	0
FTEs	1.0	1.0	0	0

Recommendation:

The Governor recommends appropriation of \$1.155 million in FY 2018 and \$1.155 million in FY 2019 from the Clean Water Fund to the Minnesota Pollution Control Agency's (MPCA) Water Program to continue work on data systems needed to improve assessment and project management efforts and meet legislative reporting requirements, and to fund research and tools supporting watershed restoration and protection strategy (WRAPS) development.

The requested appropriation of \$2.31 million for FY 2018-19 is a 7% increase from the amount appropriated in FY 2016-17. The amount will cover higher costs of compensation, including higher compensation costs embedded in the monthly billing from MN.IT Services. Staffing funded by this request will continue at current levels.

Rationale/Background:

The state Clean Water Legacy Act (CWLA) and the federal Clean Water Act (CWA) require the state to make reasonable progress in assessing waters of the state for impairments and in developing plans for restoring waters to their intended uses. In 2002, the Office of the Legislative Auditor (OLA) noted the requirement to identify, evaluate, and restore waters was significantly underfunded. In 2003, the Legislature directed the MPCA to engage stakeholders in developing an efficient and accountable path to clean water. In 2005, court rulings cited the impaired waters section of the federal CWA in blocking the issuance of a wastewater permit to the cities of Annandale and Maple Lake. This action added momentum for passage of the state's CWLA in 2006. In 2008, Minnesotans approved the Clean Water, Land and Legacy Amendment that provides 25 years of constitutionally dedicated funding—an increase in the state sales tax—for clean water, habitat, parks and trails, and the arts.

This recommendation enables the MPCA to continue our work toward the goals of the CWLA. That law directs the agency to identify impaired waters in 10 years and to complete 10% of total maximum daily load (TMDLs) studies and WRAPS each year. The MPCA works with other state agencies on an inter-agency team to coordinate programs related to this Clean Water effort, and with local partners to ensure local conditions are understood, and implementation plans are properly targeted. Collectively, state agencies use a watershed approach by first identifying the health of Minnesota's water resources, identifying impaired waters and those in need of protection, and implementing watershed-specific restoration and protection plans based on this information.

The enormous amount of data generated by the monitoring and assessment, TMDL, and WRAPS work enabled by the Clean Water Fund necessitates that the MPCA improve its data systems to be able to store, manage and analyze, and to report to water resource managers and the public.

A small percentage of this funding request over time has enabled research and tool development for the production of WRAPS. The current focus for this funding is the Scenario Application Manager (SAM) tool, which provides a graphical interface to watershed computer model applications and expands the state's investment in these models to a broader and more local audience in support of the development of TMDLs and WRAPS. The tool provides a user friendly, comprehensive approach to determining how best to achieve the water quality improvement goals set by the TMDL assessments, protection strategies, and watershed restoration programs. It assists in understanding watershed conditions, identifying priority areas and BMPs that will provide the greatest water-quality benefits for each dollar invested.

Proposal:

The Governor proposes continuation of funding for FY 2018-19. Appropriations from the Clean Water Fund may only be authorized as one-time funding.

Funding will continue development of an integrated watershed data management system. This project is creating applications that improve data management and querying systems, providing a more efficient central location for reporting, analysis, and management of watershed data. This effort improves the MPCA's ability to track progress and manage Clean Water Fund projects, and meet the reporting requirements included in the 2013 CWLA amendments. Proposed data system projects include:

- Online Clean Water Legacy Act accountability provisions reporting design, prototype development, and final real time reporting on the web, requiring additional webpage redesign and data storage;
- Biological monitoring database development to move off of obsolete software, providing greater stability and data storage, and making more accessible for use in assessment analysis, stressor studies, and WRAPS development;
- Completion of the waterbody assessment system currently under development; and
- Storage and easy access to the data and output from the Hydrologic Simulation Program in FORTRAN (HSPF) watershed models for TMDL development, stressor identification, WRAPS development and point source permit limits for the 80 watersheds in Minnesota.

Funding will also be used to further research and tool development needs, such as updating watershed models and further development of the Scenario Application Manager (SAM) tool and providing training in its use to local water resource managers for local water planning and implementation efforts.

Results:

The components listed above will enable continuation of progress on the assessment of all the state's watersheds in a 10-year timeframe, to complete WRAPS and TMDL studies, and to report on progress in achieving clean water outcomes.

The MPCA tracks projects and funding on the Legislative Coordinating Commission's website, Clean Water Fund Performance Reports webpage <http://www.legacy.leg.mn/funds/clean-water-fund/clean-water-fund-performance-reports>, which includes all recipients of the funds.

Statutory Change(s):

No statutory change is needed.

Minnesota Pollution Control Agency

FY18-19 Biennial Budget Change Item

Change Item Title: CWF NPDES Wastewater/Stormwater TMDL implementation

Fiscal Impact (\$1.957 million)	FY 2018	FY 2019	FY 2020	FY 2021
Clean Water Fund Expenditures	\$979	\$978	\$0	\$0
Net Fiscal Impact = (Expenditures – Revenues)	\$979	\$978	\$0	\$0
FTEs	6.3	6.3	0	0

Recommendation:

The Governor recommends an appropriation of \$979,000 in FY 2018 and \$978,000 in FY 2019 from the Clean Water Fund to the Minnesota Pollution Control Agency's (MPCA) Water Program for Total Maximum Daily Load (TMDL) implementation in its Wastewater and Stormwater Programs.

The requested appropriation of \$1.957 million for FY 2018-19 is an 8.7% increase from the amount appropriated in FY 2016-17. The amount will cover higher costs of compensation, including higher compensation costs imbedded in the monthly billing from MN.IT Services. Appropriations from the Clean Water Fund will also be subject to the same internal cost allocation rate assessed to all other funding sources. Staffing funded by this request will continue at current levels.

Rationale/Background:

The state Clean Water Legacy Act (CWLA) and the federal Clean Water Act (CWA) require the state to make reasonable progress in assessing waters of the state for impairments and in developing plans for restoring waters to their intended uses. In 2002, the Office of the Legislative Auditor (OLA) noted the requirement to identify, evaluate, and restore waters was significantly underfunded. In 2003, the Legislature directed the MPCA to engage stakeholders in developing an efficient and accountable path to clean water. In 2005, court rulings cited the impaired waters section of the federal CWA in blocking the issuance of a wastewater permit to the cities of Annandale and Maple Lake. This action added momentum for passage of the state's CWLA in 2006. In 2008, Minnesotans approved the Clean Water, Land and Legacy Amendment that provides 25 years of constitutionally dedicated funding—an increase in the state sales tax—for clean water, habitat, parks and trails, and the arts.

The wastewater National Pollutant Discharge Elimination System (NPDES) program work includes: permitting, engineer review, compliance and enforcement, training and certification, assistance with the funding programs, effluent limit determination, Environmental Assessment Worksheets (EAW) review, and data review. There are currently approximately 1400 NPDES permits – all but 100 of which must be reissued every 5 years. Each permit has effluent limits and specific requirements with which they must comply. The MPCA's NPDES Wastewater Program assures that permits issued meet the water quality uses and that the permittees are complying with their permits.

Three (3) positions funded by this proposal at the MPCA include functions of permit writing, coordinating TMDL/WRAPs, analyzing GIS data, engineer review of total maximum daily load (TMDL) /watershed restoration and protection strategies' (WRAPS) effluent limits, unsewered coordination, and coordination of TMDL/WRAPs permits. The staff are responsible for assuring that during the development of the WRAPS and TMDLs the wastewater influences are measured and understood. Additionally, after the WRAPS and TMDL's are developed the results need to be interpreted and incorporated into the wastewater program through permitting, effluent limit determination, and working with local governmental units (LGU). The staff under this activity provides technical assistance to MPCA permit writers and to LGUs with unsewered community discharges.

As stormwater can be a significant contributor of pollutants to impaired waters, proper management of stormwater — both by regulated and non-regulated stormwater managers — is crucial to the successful implementation of TMDLs. As such, the stormwater program provides a wide range of outreach and guidance materials to help ensure the most effective stormwater best management practices are implemented. The CWF funds 3 FTEs in the stormwater program. These FTEs increase coordination between those developing TMDLs/WRAPS and the permitting program to ensure stormwater discharges are appropriately incorporated into projects, provide outreach and guidance to stormwater permittees to assist in complying with

permit requirements related to TMDLs, and develop state-of-the-art stormwater guidance through the online Minnesota Stormwater Manual.

Proposal:

The Governor proposes continuation of funding for FY 2018-19. Appropriations from the Clean Water Fund may only be authorized as one-time funding.

This initiative will fund staff needed for the integration of the watershed approach for both WRAPS and TMDLs with wastewater and stormwater permitting programs (including Stormwater Manual updates). The MPCA will continue to implement the NPDES Wastewater program including permitting, grant and loan administration, effluent limit determination, compliance and enforcement, training and certification, EAW review, and data analysis activities. There is an expected increase in construction activities to assure that the new River Eutrophication standards are met. The Stormwater program anticipates continuing the current pace and scope of outreach and guidance development related to TMDL/WRAPs implementation. As new TMDLs are completed and stormwater permits need to be reissued, additional permittees - including those new to regulation - will require outreach and guidance efforts.

Results:

Outcomes achieved by the Wastewater CWF FTE's will include:

- Incorporating the WRAPS and TMDL's point source requirements into permits
- Ensuring appropriate wastewater point requirements are factored into TMDL and WRAP development
- Execution of pollutant trading activities
- Development of tools to better analyze the relationship between point sources and surface waters
- Continued work on unsewered areas within the state, focusing on highest priority areas to bring those areas into compliance

Outcomes achieved by the Stormwater CWF FTE's will include:

- Continued development of stormwater permit TMDL-related reporting forms, permit language, and associated guidance
- Provide training to assist permittees with TMDL-related requirements
- Development of new Minnesota Stormwater Manual content, which is used by stormwater professionals to select, design, construct, maintain, and monitor stormwater management practices
- Update and maintenance of the Stormwater Manual

Statutory Change(s):

No statutory change is needed.

Minnesota Pollution Control Agency

FY18-19 Biennial Budget Change Item

Change Item Title: Clean Water Council

Fiscal Impact (\$000s)	FY 2018	FY 2019	FY 2020	FY 2021
Clean Water Fund Expenditures	50	50	0	0
Net Fiscal Impact = (Expenditures – Revenues)	50	50	0	0
FTEs	0	0	0	0

Recommendation:

The Governor recommends appropriation of \$50,000 in FY 2018 and \$50,000 in FY 2019 from the Clean Water Fund to the Minnesota pollution control agency's (MPCA) Water Program for the Clean Water Council.

The requested appropriation of \$100,000 for FY 2018-19 is the same amount appropriated in FY 2016-17. The amount will cover costs of meetings and necessary travel for members.

Rationale/Background:

The Council was established in 2006 to advise the Legislature and Governor on the administration and implementation of the CWLA, Minn. Stat. Ch. 114D. The CWLA requires the Council to submit a report to the Legislature and Governor that includes recommendations for CWF appropriations for the purposes stated in Article XI, Section 15 of the Minnesota Constitution and Minn. Stat. § 114D.50. The CWLA also requires this report to include an evaluation of progress related to the CWF and future funding needs.

The 28-member Council represents organizations with a major role in achieving clean water, enabling consensus building and coordination on a wide array of issues critical to the people of Minnesota. The Council holds public meetings monthly to discuss a variety of water topics.

Proposal:

The Governor proposes continuation of funding for Clean Water Council operations in FY 2018-19. Appropriations from the Clean Water Fund may only be authorized as one-time funding.

Results:

In accordance with Minn. Stat. § 114D.30, the Clean Water Council is required to submit a biennial report to the Legislature by December 1 of each even-numbered year on:

- Activities for which money has been or will be spent for the current biennium;
- Activities for which money is recommended to be spent in the next biennium;
- The impact on economic development of the implementation of efforts to protect and restore groundwater and the impaired waters program;
- An evaluation of the progress made in implementing the CWLA and the provisions of Article XI, Section 15, of the Minnesota Constitution relating to clean water;
- Need for funding of future implementation; and
- Recommendations for the sources of funding.

The report also fulfills the CWLA requirement for the Council to recommend to the Governor and the Legislature the manner in which money from the Clean Water Fund should be appropriated for the purposes stated in Article XI, Section 15, of the Minnesota Constitution and Minn. Stat. § 114D.50.

Statutory Change(s):

No statutory change is needed.

Program: Water

www.pca.state.mn.us/water

AT A GLANCE

- Nearly 2,000 locations monitored for water quality.
- 2,894 water-related permits issued annually.
- 227 water quality compliance actions annually.
- 80 major watersheds being evaluated for water quality.
- 187 grants and contracts totaling \$15.9 million awarded to local partners in FY2015 – FY2016.
- \$6.4 million in loans awarded to 20 counties and watershed districts for local improvement projects in FY2015 – FY2016.

PURPOSE & CONTEXT

Our water program works to ensure that Minnesota has clean water to support aquatic life, healthy communities, and a strong economy.

Components of the program include:

- Monitor, evaluate, and communicate lake, stream, wetland, and groundwater conditions.
- Reduce and prevent water pollution from all Minnesota sources such as cropland, wastewater, stormwater, septic systems, and feedlots.
- Work cooperatively with local partners to implement activities that protect Minnesota waters.

SERVICES PROVIDED

We conduct activities to ensure that the state's lakes, rivers, streams, and groundwater are clean, healthy, and sustainable. These activities fall into three major categories:

Monitoring/Assessment

- Monitor watersheds to identify water quality trends through state and local efforts, remote sensing, and volunteers.
- Monitor groundwater quality.
- Assess data to understand the water condition and identify causes of stress on a water body and its aquatic insects and fish.
- Track effectiveness of protection and restoration activities.
- Assess wastewater collection and treatment systems for improvement.

Management

- Develop water quality standards to protect Minnesota's waters.
- Issue permits, conduct inspections, provide compliance assistance and take enforcement regarding wastewater, stormwater, septic systems, and feedlots.
- Issue construction and operation permits to Minnesota businesses and municipalities, and determine compliance with those permits, federal regulations, and Minnesota laws.
- Help business, local governments, and citizens reduce the amount of water they use and increase the use of low-cost water quality protection measures.
- Help communities and citizens understand their local water resources and what may impact the quality of these resources.
- Partner with counties and local health boards to address imminent health threats due to improperly constructed or operating septic systems, particularly for low-income households.

Protection/restoration

- Work with local partners to develop Watershed Restoration & Protection Strategies for all 80 major watersheds.
- Award grants and loans to local partners for water quality improvement projects.
- Provide technical assistance to regulated facilities, communities, and citizens.
- Facilitate and oversee grant, contract, and loan awards to local partners for water quality improvement projects.

RESULTS

Minnesota has
80 watersheds

Watersheds with
monitoring
complete

69

Watersheds with
assessment
complete

49

Results performance measure: Surface water protection and restoration

Over the last 8 years, we have increased our monitoring efforts. To date, 86% of major watersheds have been intensively monitored. By 2019, we expect to have all watersheds monitored. In 2019, the cycle starts again to help us see if water quality has improved. We use the information to determine if water quality standards are being met to protect public health, recreational use, and aquatic life. In general, 60% of our lakes and streams meet standards.

Watersheds with
restoration and
protection
strategy projects
underway

80

Watersheds with
strategy plans
completed

8

Results performance measure: Number of Water Restoration and Protection Strategy reports completed or publicly noticed

Once we know where the pollution is coming from and how much it needs to be reduced to meet standards, we create a detailed restoration and protection strategy. This is a primary information source for water quality improvement projects and local water plans.

Results performance measure: Percent of water permits issued within 150 days

The MPCA has worked hard to process permits more quickly without compromising our environment. We are now able to issue 91% of all permits within 150 days.

Results performance measure: Percent of lakes getting clearer

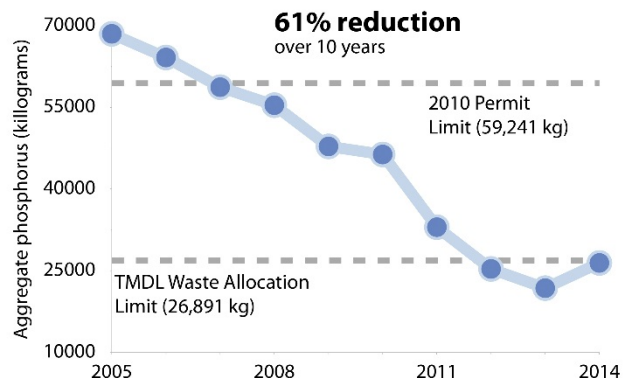
Clarity is improving in almost a quarter of lakes. A smaller fraction has seen a decline in clarity. Hundreds of volunteers help the MPCA measure water clarity to detect signs of degradation to a lake.

In the last 10 years: measurements show that lake clarity has:

- improved in 24% of lakes
- declined in 10%
- not changed in 66%

Results performance measure: Amount of phosphorus being released into the Minnesota River by wastewater treatment plants

The MPCA regulates the amount of phosphorus discharged from wastewater treatment facilities. Over the last 10 years, it has decreased 61% percent, driven in large part by tighter permit limits and good compliance from community wastewater treatment plants. Phosphorus contained in sediment runoff from cropland is a persistent problem. Excess phosphorus stimulates growth of algae, which can make waters unsuitable for swimming and fishing.



Minnesota Statutes, Chapter 114D <https://www.revisor.mn.gov/statutes/?id=114D>, Chapter 115 <https://www.revisor.mn.gov/statutes/?id=115>, and Chapter 116 <https://www.revisor.mn.gov/statutes/?id=116> provide the agency with its main authorities to provide regulatory, monitoring, and assistance services.

Expenditures By Fund

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY14	FY15	FY16	FY17	FY18	FY19	FY18	FY19
1000 - General	3,370	4,097	3,767	4,219	3,627	3,627	3,819	3,764
1200 - State Government Special Rev	75	75	74	76	75	75	75	75
2001 - Other Misc Special Revenue	6	16	28	53	18	18	18	18
2050 - Environment & Natural Resource	0	574	102	247	0	0	0	0
2302 - Clean Water Fund	23,875	33,585	25,474	29,827	0	0	26,888	26,887
2800 - Environmental	20,533	21,131	21,227	22,290	21,702	21,702	22,955	23,531
3000 - Federal	5,410	5,730	5,134	7,158	5,418	5,148	5,418	5,148
8200 - Clean Water Revolving Fund	1,326	1,461	1,564	1,567	1,567	1,567	1,567	1,567
Total	54,595	66,669	57,369	65,437	32,406	32,136	60,739	60,989
Biennial Change				1,542		(58,264)		(1,078)
Biennial % Change				1		(47)		(1)
Governor's Change from Base								57,186
Governor's % Change from Base								89

Expenditures by Budget Activity

Budget Activity: Water	54,595	66,669	57,369	65,437	32,406	32,136	60,739	60,989
Total	54,595	66,669	57,369	65,437	32,406	32,136	60,739	60,989

Expenditures by Category

Compensation	25,099	25,023	25,792	26,236	18,473	18,456	28,246	28,760
Operating Expenses	24,354	35,875	27,542	34,643	11,593	11,130	23,099	22,626
Other Financial Transactions	14	88	59	0	0	0	0	0
Grants, Aids and Subsidies	5,099	5,646	3,970	4,558	2,340	2,550	9,394	9,603
Capital Outlay-Real Property	29	37	6	0	0	0	0	0
Total	54,595	66,669	57,369	65,437	32,406	32,136	60,739	60,989
Total Agency Expenditures	54,595	66,669	57,369	65,437	32,406	32,136	60,739	60,989
Internal Billing Expenditures	7,726	11,984	11,993	12,916	6,480	6,475	6,480	6,475
Expenditures Less Internal Billing	46,869	54,685	45,377	52,521	25,926	25,662	54,259	54,515

Full-Time Equivalents	309.5	308.6	304.7	316.8	207.3	203.4	309.1	305.2
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1000 - General

	Actual FY14	Actual FY15	Actual FY16	Estimate FY17	Forecast Base		Governor's Recommendation	
					FY18	FY19	FY18	FY19
Balance Forward In	0	367	0	540	0	0	0	0
Direct Appropriation	3,737	3,737	4,307	4,179	3,627	3,627	3,819	3,764
Net Transfers	0	0	0	(500)	0	0	0	0
Cancellations	0	7	0	0	0	0	0	0
Expenditures	3,370	4,097	3,767	4,219	3,627	3,627	3,819	3,764
Balance Forward Out	367	0	540	0	0	0	0	0
<i>Biennial Change in Expenditures</i>				519		(732)		(403)
<i>Biennial % Change in Expenditures</i>				7		(9)		(5)
<i>Gov's Exp Change from Base</i>								329
<i>Gov's Exp % Change from Base</i>								5
Full-Time Equivalents	13.3	12.2	11.9	13.7	13.7	13.7	13.7	13.7

1200 - State Government Special Rev

	Actual FY14	Actual FY15	Actual FY16	Estimate FY17	Forecast Base		Governor's Recommendation	
					FY18	FY19	FY18	FY19
Balance Forward In	0	0	0	1	0	0	0	0
Direct Appropriation	75	75	75	75	75	75	75	75
Expenditures	75	75	74	76	75	75	75	75
Balance Forward Out	0	0	1	0	0	0	0	0
<i>Biennial Change in Expenditures</i>				0		0		0
<i>Biennial % Change in Expenditures</i>				0		0		0
<i>Gov's Exp Change from Base</i>								0
<i>Gov's Exp % Change from Base</i>								0
Full-Time Equivalents	0.7	0.6	0.6	0.6	0.6	0.6	0.6	0.6

2001 - Other Misc Special Revenue

	Actual FY14	Actual FY15	Actual FY16	Estimate FY17	Forecast Base		Governor's Recommendation	
					FY18	FY19	FY18	FY19
Balance Forward In	0	0	0	14	0	0	0	0
Receipts	6	16	42	39	18	18	18	18
Expenditures	6	16	28	53	18	18	18	18
Balance Forward Out	0	0	14	0	0	0	0	0
<i>Biennial Change in Expenditures</i>				58		(45)		(45)
<i>Biennial % Change in Expenditures</i>				260		(56)		(56)

2001 - Other Misc Special Revenue

Gov's Exp Change from Base				0
Gov's Exp % Change from Base				0

2050 - Environment & Natural Resource

	Actual FY14	Actual FY15	Actual FY16	Estimate FY17	Forecast Base		Governor's Recommendation	
					FY18	FY19	FY18	FY19
Balance Forward In	0	0	169	67	0	0	0	0
Direct Appropriation	0	743	0	180	0	0	0	0
Expenditures	0	574	102	247	0	0	0	0
Balance Forward Out	0	169	67	0	0	0	0	0
Biennial Change in Expenditures				(225)		(349)		(349)
Biennial % Change in Expenditures				(39)		(100)		(100)
Gov's Exp Change from Base								0
Gov's Exp % Change from Base								0

2302 - Clean Water Fund

	Actual FY14	Actual FY15	Actual FY16	Estimate FY17	Forecast Base		Governor's Recommendation	
					FY18	FY19	FY18	FY19
Balance Forward In	1,620	5,612	0	4,531	0	0	0	0
Direct Appropriation	28,365	28,465	30,150	25,298	0	0	26,888	26,887
Cancellations	811	492	145	0	0	0	0	0
Expenditures	23,875	33,585	25,474	29,827	0	0	26,888	26,887
Balance Forward Out	5,299	0	4,531	0	0	0	0	0
Biennial Change in Expenditures				(2,159)		(55,301)		(1,526)
Biennial % Change in Expenditures				(4)		(100)		(3)
Gov's Exp Change from Base								53,775
Full-Time Equivalents	90.6	91.2	93.7	100.7	0.0	0.0	101.8	101.8

2800 - Environmental

	Actual FY14	Actual FY15	Actual FY16	Estimate FY17	Forecast Base		Governor's Recommendation	
					FY18	FY19	FY18	FY19
Balance Forward In	0	301	0	102	0	0	0	0
Direct Appropriation	21,641	21,642	22,006	22,865	22,379	22,379	23,640	24,222
Net Transfers	(812)	(812)	(677)	(677)	(677)	(677)	(685)	(691)
Expenditures	20,533	21,131	21,227	22,290	21,702	21,702	22,955	23,531
Balance Forward Out	296	0	102	0	0	0	0	0
Biennial Change in Expenditures				1,853		(113)		2,969

2800 - Environmental

Biennial % Change in Expenditures			4		0		7
Gov's Exp Change from Base							3,082
Gov's Exp % Change from Base							7
Full-Time Equivalents	184.6	183.4	175.2	177.8	171.0	167.9	171.0 167.9

3000 - Federal

	Actual FY14	Actual FY15	Actual FY16	Estimate FY17	Forecast Base		Governor's Recommendation	
					FY18	FY19	FY18	FY19
Receipts	5,410	5,729	5,134	7,157	5,418	5,148	5,418	5,148
Expenditures	5,410	5,730	5,134	7,158	5,418	5,148	5,418	5,148
Biennial Change in Expenditures				1,152		(1,726)		(1,726)
Biennial % Change in Expenditures				10		(14)		(14)
Gov's Exp Change from Base								0
Gov's Exp % Change from Base								0
Full-Time Equivalents	9.9	10.5	10.8	12.0	10.1	9.2	10.1	9.2

8200 - Clean Water Revolving Fund

	Actual FY14	Actual FY15	Actual FY16	Estimate FY17	Forecast Base		Governor's Recommendation	
					FY18	FY19	FY18	FY19
Balance Forward In	5,876	11,730	11,343	12,526	10,491	8,816	10,491	8,816
Receipts	394	326	292	330	330	330	330	330
Net Transfers	2,185	1,461	1,564	1,567	1,567	1,567	1,567	1,567
Net Loan Activity	0	(2,574)	891	(2,365)	(2,005)	(2,005)	(2,005)	(2,005)
Expenditures	1,326	1,461	1,564	1,567	1,567	1,567	1,567	1,567
Balance Forward Out	7,128	9,482	12,526	10,491	8,816	7,141	8,816	7,141
Biennial Change in Expenditures				344		2		2
Biennial % Change in Expenditures				12		0		0
Gov's Exp Change from Base								0
Gov's Exp % Change from Base								0
Full-Time Equivalents	10.3	10.7	12.4	12.0	12.0	12.0	12.0	12.0

Program: Air

www.pca.state.mn.us/index.php/air/index.html

AT A GLANCE

- Track air quality at 53 locations in Minnesota.
- Conduct air quality permitting, compliance determination and enforcement for over 2,000 larger pollution sources.
- Provide grants to reduce air pollution from small sources, such as cars, trucks, and lawn and construction equipment
- Minnesota experiences 5-10 unhealthy air quality days each year.
- MPCA and Minnesota Department of Health estimate approximately 2,000 premature deaths each year due to air pollution.
- The impacts of air pollution fall disproportionately upon those living in poverty and people of color, especially in the Twin Cities.

PURPOSE & CONTEXT

The MPCA's Air Program has two primary goals: that Minnesota's outdoor air is healthy for all to breathe, and Minnesota reduces its contribution to regional, national, and global air pollution. Our efforts support human health and contribute to strong economies in Minnesota communities. We provide leadership for air quality protection by implementing the Clean Air Act.

The MPCA's work to regulate air pollution from facilities that need an air quality permit has resulted in a significant reduction in emissions from these sources. Now, nearly 75% of air pollution in Minnesota is released from sources not traditionally regulated by the MPCA, such as cars, trucks, construction equipment, commercial operations and residences.

SERVICES PROVIDED

We monitor air quality and collect information about the pollution released from large and small air pollution sources; from the largest coal fired power plants, oil refineries, and taconite plants, to automobiles, lawnmowers, and backyard fire pits. This is critical for deciding how to reduce harmful pollution. We also notify the public through a variety of channels when air pollution increases to unhealthy levels.

The services we provide fall into three categories: assessment, management, and restoration/improvement.

Assessment:

- Monitor for the Air Quality Index and compliance with air quality standards using 162 monitors located at 53 sites statewide.
- Provide technical assistance and quality assurance for 30 monitors at 7 industrial locations.
- Measure toxic air pollutants at 19 facility and neighborhood locations to assess long-term trends in the Twin Cities and Duluth.
- Conduct short-term monitoring in neighborhoods to evaluate the potential for disproportionate risk from air pollution.
- Develop annual emission inventories for more than 2,100 companies.
- Conduct and review air modeling analyses and conduct air risk analysis for about 30 industrial emission sources each year.

Management:

- Issue construction and operating permits for new and expanding facilities and federal and state air quality operating permits.
- Review compliance with air quality rules, regulations, and permits.
- Take enforcement action when warranted.
- Maintain daily air quality index for Brainerd, Detroit Lakes, Duluth, Ely, Grand Portage, Marshall, Red Lake, Rochester, St. Cloud, Virginia and the Twin Cities and issue alerts when air quality is expected to exceed health benchmarks.

Restoration/Improvement:

- Develop plans, strategies, and tactics for maintaining and improving air quality.
- Reduce emissions that contribute to regional haze, ozone, fine particulate, and toxic air pollutants.
- Reduce emissions that contribute to greenhouse gases.

RESULTS

Results performance measure: Levels of key air pollutants

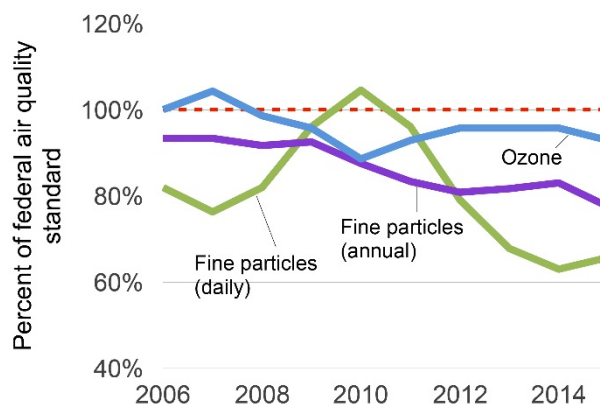
The MPCA monitors air pollution such as fine particulates and ground-level ozone (smog) and compares them to federal standards set to protect our health. Overall, air pollution levels in Minnesota have improved over the last 10 years. But standards have tightened over this same time period, reflecting new knowledge of how these pollutants affect us.

Results performance measure: Compliance rates for permit holders

Percentage of permittees complying with requirements in 2015

- Air — 99%
- Land — 98%
- Water — 99%

National Ambient Air Quality Standard: How the Twin Cities compare

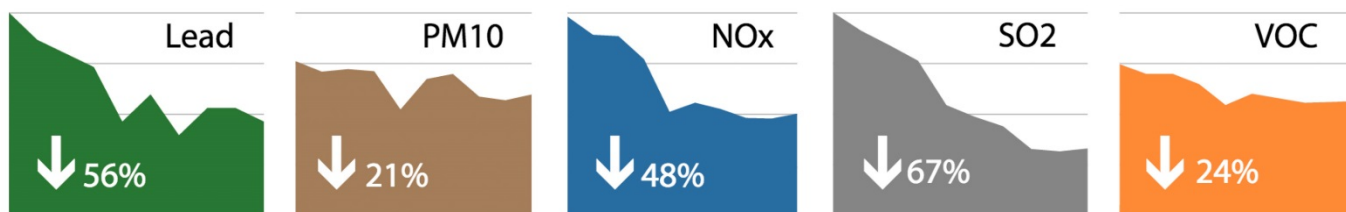


The line for each pollutant represents the worst air quality readings among the many sites that are monitored.

Results performance measure: Improvements in air pollution from regulated sources

The amount of air pollution coming from sources such as factories and electric utilities — which are subject to regulation and hold MPCA permits — has decreased significantly over the past 10 years, largely due to government and industry efforts to reduce smokestack emissions. In contrast, much of the air pollution in Minnesota comes from cars, trucks, construction vehicles, and fuel combustion for things like home heating — where there are few regulations.

Regulated source emissions 2004–2014



Lead means elemental lead. PM10 is fine particle pollution 10 microns or smaller. NOx is nitrogen oxides. SO2 is sulfur dioxide. VOC stands for volatile organic compounds.

Minnesota Statutes, Chapter 115 <https://www.revisor.mn.gov/statutes/?id=115>, Chapter 115A <https://www.revisor.mn.gov/statutes/?id=115A>, and Chapter 116D <https://www.revisor.mn.gov/statutes/?id=116> provide the agency with its main authorities to provide regulatory, monitoring, and assistance services.

Expenditures By Fund

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY14	FY15	FY16	FY17	FY18	FY19	FY18	FY19
2000 - Restrict Misc Special Revenue	171	208	155	174	174	174	174	174
2800 - Environmental	14,315	16,135	15,553	16,173	16,087	16,087	16,485	17,026
3000 - Federal	1,384	938	718	405	410	415	410	415
Total	15,871	17,281	16,426	16,752	16,671	16,676	17,069	17,615
Biennial Change				26		168		1,505
Biennial % Change				0		1		5
Governor's Change from Base								1,337
Governor's % Change from Base								4

Expenditures by Budget Activity

Budget Activity: Air	15,871	17,281	16,426	16,752	16,671	16,676	17,069	17,615
Total	15,871	17,281	16,426	16,752	16,671	16,676	17,069	17,615

Expenditures by Category

Compensation	10,570	10,931	11,071	11,267	11,177	11,199	11,425	11,835
Operating Expenses	5,155	6,153	5,151	5,360	5,369	5,352	5,519	5,655
Other Financial Transactions	17	0	16	0	0	0	0	0
Grants, Aids and Subsidies	100	32	182	125	125	125	125	125
Capital Outlay-Real Property	29	166	6	0	0	0	0	0
Total	15,871	17,281	16,426	16,752	16,671	16,676	17,069	17,615
Total Agency Expenditures	15,871	17,281	16,426	16,752	16,671	16,676	17,069	17,615
Internal Billing Expenditures	3,190	3,885	3,977	4,076	4,058	4,058	4,058	4,058
Expenditures Less Internal Billing	12,681	13,396	12,449	12,676	12,613	12,618	13,011	13,557

Full-Time Equivalents

	121.5	125.0	121.0	125.4	124.1	121.4	124.1	121.4
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2000 - Restrict Misc Special Revenue

	Actual FY14	Actual FY15	Actual FY16	Estimate FY17	Forecast Base		Governor's Recommendation	
					FY18	FY19	FY18	FY19
Balance Forward In	179	176	140	160	160	160	160	160
Receipts	169	172	176	174	174	174	174	174
Expenditures	171	208	155	174	174	174	174	174
Balance Forward Out	176	140	160	160	160	160	160	160
<i>Biennial Change in Expenditures</i>				(51)		18		18
<i>Biennial % Change in Expenditures</i>				(13)		6		6
<i>Gov's Exp Change from Base</i>								0
<i>Gov's Exp % Change from Base</i>								0
Full-Time Equivalents	1.2	1.0	1.2	1.4	1.4	1.4	1.4	1.4

2800 - Environmental

	Actual FY14	Actual FY15	Actual FY16	Estimate FY17	Forecast Base		Governor's Recommendation	
					FY18	FY19	FY18	FY19
Balance Forward In	412	1,276	361	550	541	639	541	639
Direct Appropriation	15,031	15,201	15,640	16,087	16,087	16,087	16,485	17,026
Receipts	18	17	16	22	23	23	23	23
Net Loan Activity	0	2	86	56	75	75	75	75
Cancellations	0	0	0	0	0	0	0	0
Expenditures	14,315	16,135	15,553	16,173	16,087	16,087	16,485	17,026
Balance Forward Out	1,269	361	550	541	639	737	639	737
<i>Biennial Change in Expenditures</i>				1,276		448		1,785
<i>Biennial % Change in Expenditures</i>				4		1		6
<i>Gov's Exp Change from Base</i>								1,337
<i>Gov's Exp % Change from Base</i>								4
Full-Time Equivalents	117.1	120.7	116.5	121.0	119.7	117.0	119.7	117.0

3000 - Federal

	Actual FY14	Actual FY15	Actual FY16	Estimate FY17	Forecast Base		Governor's Recommendation	
					FY18	FY19	FY18	FY19
Balance Forward In	0	1	0	0	0	0	0	0
Receipts	1,383	938	718	405	410	415	410	415
Expenditures	1,384	938	718	405	410	415	410	415
<i>Biennial Change in Expenditures</i>				(1,199)		(298)		(298)
<i>Biennial % Change in Expenditures</i>				(52)		(26)		(26)
<i>Gov's Exp Change from Base</i>								0

3000 - Federal

Gov's Exp % Change from Base								0
Full-Time Equivalents	3.2	3.3	3.3	3.0	3.0	3.0	3.0	3.0

Program: Land

<http://www.pca.state.mn.us/index.php/waste/index.html>

AT A GLANCE

- 48% of the state's solid waste is recycled.
- 30% of the state's solid waste is landfilled.
- Approximately 80,000 acres of contaminated land have been cleaned up and returned to productive use since 2003.
- 507 solid waste facilities are permitted and tracked.
- Approximately 6,500 hazardous waste generators are licensed and another 6,500 are small enough that they do not need licensing.

PURPOSE & CONTEXT

Our Land program protects the environment and public health by managing solid and hazardous waste and petroleum products. We encourage waste prevention, minimization, and mitigation through waste reduction, recycling, and reuse. We manage risks at contaminated sites through site cleanup and restoring contaminated land to productive use.

We work with a large and diverse group of public and private entities, including developers, counties and cities, industry consultants, state and federal partners, and citizens.

SERVICES PROVIDED

The MPCA works with public and private partners to protect Minnesota's environment, public health, and quality of life through the proper management of solid and hazardous wastes and petroleum products. Preventing contamination of land and groundwater is a priority, and is preferred over cleanup. Cleaning up contaminated land and groundwater, while costly and time consuming, is another important part of this program.

The services we provide fall into three categories: assessment/planning, management, and cleanup.

Assessment/Planning

- Create statewide plans and policies to reduce solid waste and improve its management through prevention, recycling, reuse, and waste-to-energy.
- Work with local government to develop effective solid waste management plans.
- Track waste generation and final deposition of the materials (for example: reused, recycled, waste to energy, landfilled).
- Work with railroads, industry, and local fire and police to develop plans to prevent and respond to spills.

Management

- Partner with counties, businesses, and industry to prevent waste and improve reuse and recycling rates.
- Distribute funds to counties and provide assistance to public and private entities involved in recycling, waste reduction, reuse, and household hazardous waste programs.
- Oversee disposal of debris from natural and man-made disasters.
- Issue permits and inspect compliance at solid and hazardous waste facilities.
- License hazardous waste handlers and monitor the movement of hazardous waste.
- Provide training to prevent the release of harmful materials into Minnesota's soil, groundwater, and surface water.

Cleanup

- Oversee land cleanup at contaminated sites and recover costs from responsible parties.
- Conduct cleanups and operate and maintain cleanup systems at closed landfill sites.
- Help developers return contaminated sites to productive use.
- In the event of a spill, we assist local responders and oversee cleanup.

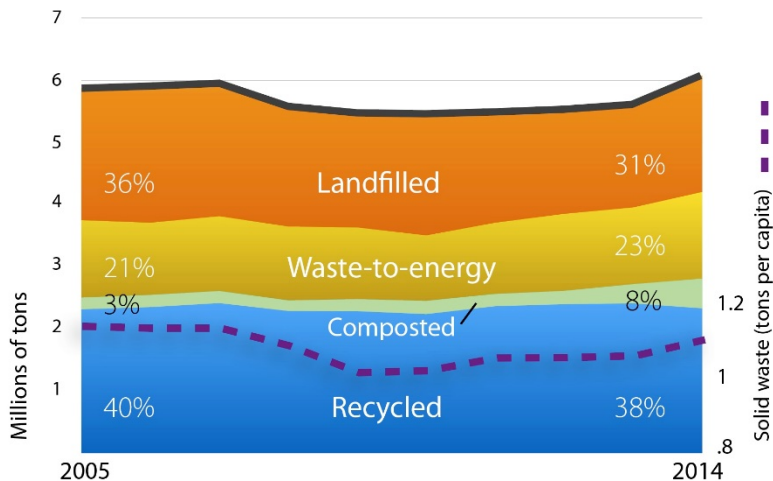
RESULTS

Results performance measure: Reducing the amount of solid waste going to landfills

The MPCA prioritizes waste reduction, reuse, recycling, composting, and resource recovery over landfilling. About one-third of Minnesota's waste is still sent to landfills.

Studies show that more than 70% of waste landfilled could be recycled or composted, saving resources and conserving landfill capacity.

Disposal of solid waste



Results performance measure: Amount of polluted land being returned to productive use

Putting abandoned, idled, or underused industrial and commercial properties back into productive use can be complicated by actual or suspected environmental contamination. The MPCA helps make this land available for development by investigating and cleaning up these sites.

Land cleaned up through Petroleum Brownfields and Voluntary Investigation & Cleanup programs

	2005	2015
Cleaned up acres	54,584	79,676

Superfund sites and closed landfills

	2005	2015
Identified sites	768	954
Cleaned-up sites	486	636

Petroleum remediation sites cleaned up

	2005	2015
Identified sites	15,801	19,424
Cleaned-up sites	13,580	18,454

Minnesota Statutes, Chapter 114D <https://www.revisor.mn.gov/statutes/?id=114D>, Chapter 115 <https://www.revisor.mn.gov/statutes/?id=115>, <https://www.revisor.mn.gov/statutes/?id=115A>, and Chapter 116 <https://www.revisor.mn.gov/statutes/?id=116> provide the agency with its main authorities to provide regulatory, monitoring, and assistance services.

Expenditures By Fund

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY14	FY15	FY16	FY17	FY18	FY19	FY18	FY19
1000 - General	0	0	3,368	866	216	216	1,216	1,216
2000 - Restrict Misc Special Revenue	353	590	592	510	510	510	510	510
2001 - Other Misc Special Revenue	65	114	128	135	133	133	133	133
2800 - Environmental	6,883	6,965	7,013	7,378	7,366	7,365	7,697	7,854
2801 - Remediation Fund	34,830	33,352	30,787	31,633	29,041	29,041	30,887	31,135
3000 - Federal	3,958	4,838	4,023	4,246	4,721	4,721	4,721	4,721
Total	46,089	45,859	45,911	44,768	41,986	41,986	45,163	45,569
Biennial Change				(1,269)		(6,706)		54
Biennial % Change				(1)		(7)		0
Governor's Change from Base								6,760
Governor's % Change from Base								8

Expenditures by Budget Activity

Budget Activity: Land	46,089	45,859	45,911	44,768	41,986	41,986	45,163	45,569
Total	46,089	45,859	45,911	44,768	41,986	41,986	45,163	45,569

Expenditures by Category

Compensation	15,596	16,235	16,035	16,264	16,360	16,446	18,246	18,738
Operating Expenses	30,146	29,574	26,008	28,504	25,626	25,540	26,031	25,945
Other Financial Transactions	2	21	32	0	0	0	0	0
Grants, Aids and Subsidies	302	0	3,368	0	0	0	886	886
Capital Outlay-Real Property	43	29	468	0	0	0	0	0
Total	46,089	45,859	45,911	44,768	41,986	41,986	45,163	45,569
Total Agency Expenditures	46,089	45,859	45,911	44,768	41,986	41,986	45,163	45,569
Internal Billing Expenditures	4,133	5,324	5,449	5,535	5,535	5,535	5,535	5,535
Expenditures Less Internal Billing	41,956	40,535	40,462	39,233	36,451	36,451	39,628	40,034

Full-Time Equivalents

	181.2	183.0	171.4	179.9	179.9	178.6	190.9	189.6
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1000 - General

	Actual FY14	Actual FY15	Actual FY16	Estimate FY17	Forecast Base		Governor's Recommendation	
					FY18	FY19	FY18	FY19
Direct Appropriation	0	0	3,368	866	216	216	1,216	1,216
Expenditures	0	0	3,368	866	216	216	1,216	1,216
<i>Biennial Change in Expenditures</i>				4,234		(3,802)		(1,802)
<i>Biennial % Change in Expenditures</i>						(90)		(43)
<i>Gov's Exp Change from Base</i>								2,000
<i>Gov's Exp % Change from Base</i>								463
Full-Time Equivalents				1.0	2.0	2.0	3.0	3.0

2000 - Restrict Misc Special Revenue

	Actual FY14	Actual FY15	Actual FY16	Estimate FY17	Forecast Base		Governor's Recommendation	
					FY18	FY19	FY18	FY19
Balance Forward In	102	185	76	0	0	0	0	0
Receipts	436	480	516	510	510	510	510	510
Expenditures	353	590	592	510	510	510	510	510
Balance Forward Out	185	75	0	0	0	0	0	0
<i>Biennial Change in Expenditures</i>				159		(82)		(82)
<i>Biennial % Change in Expenditures</i>				17		(7)		(7)
<i>Gov's Exp Change from Base</i>								0
<i>Gov's Exp % Change from Base</i>								0
Full-Time Equivalents	3.5	5.4	4.4	4.8	4.8	4.8	4.8	4.8

2001 - Other Misc Special Revenue

	Actual FY14	Actual FY15	Actual FY16	Estimate FY17	Forecast Base		Governor's Recommendation	
					FY18	FY19	FY18	FY19
Balance Forward In	69	14	6	2	0	0	0	0
Receipts	2	3	21	29	29	29	29	29
Net Transfers	0	104	104	104	104	104	104	104
Expenditures	65	114	128	135	133	133	133	133
Balance Forward Out	7	6	2	0	0	0	0	0
<i>Biennial Change in Expenditures</i>				84		2		2
<i>Biennial % Change in Expenditures</i>				47		1		1
<i>Gov's Exp Change from Base</i>								0
<i>Gov's Exp % Change from Base</i>								0
Full-Time Equivalents		0.7	1.0	1.0	1.0	1.0	1.0	1.0

2001 - Other Misc Special Revenue**2403 - Gift**

	Actual FY14	Actual FY15	Actual FY16	Estimate FY17	Forecast Base		Governor's Recommendation	
					FY18	FY19	FY18	FY19
Balance Forward In	0	0	0	0	0	0	0	0
Net Transfers	0	0	0	0	0	0	0	0
Balance Forward Out	0	0	0	0	0	0	0	0

2800 - Environmental

	Actual FY14	Actual FY15	Actual FY16	Estimate FY17	Forecast Base		Governor's Recommendation	
					FY18	FY19	FY18	FY19
Balance Forward In	0	49	0	18	0	0	0	0
Direct Appropriation	6,916	6,916	7,031	7,366	7,366	7,366	7,697	7,855
Net Transfers	0	0	0	(5)	0	0	0	0
Expenditures	6,883	6,965	7,013	7,378	7,366	7,365	7,697	7,854
Balance Forward Out	33	0	18	0	0	0	0	0
<i>Biennial Change in Expenditures</i>				544		339		1,159
<i>Biennial % Change in Expenditures</i>				4		2		8
<i>Gov's Exp Change from Base</i>								820
<i>Gov's Exp % Change from Base</i>								6
Full-Time Equivalents	58.8	60.4	55.9	60.8	60.8	60.3	60.8	60.3

2801 - Remediation Fund

	Actual FY14	Actual FY15	Actual FY16	Estimate FY17	Forecast Base		Governor's Recommendation	
					FY18	FY19	FY18	FY19
Balance Forward In	8,192	9,322	9,975	10,135	2,262	614	2,262	614
Direct Appropriation	10,496	11,146	11,264	11,434	11,434	11,434	13,284	13,534
Open Appropriation	18,377	16,235	12,369	12,225	10,100	10,100	10,100	10,100
Receipts	1,445	1,431	1,429	1,611	1,611	1,611	1,611	1,611
Net Transfers	5,229	4,518	5,885	(1,509)	4,248	5,748	4,244	5,742
Expenditures	34,830	33,352	30,787	31,633	29,041	29,041	30,887	31,135
Balance Forward Out	8,909	9,301	10,135	2,262	614	465	614	465
<i>Biennial Change in Expenditures</i>				(5,762)		(4,338)		(398)
<i>Biennial % Change in Expenditures</i>				(8)		(7)		(1)
<i>Gov's Exp Change from Base</i>								3,940
<i>Gov's Exp % Change from Base</i>								7
Full-Time Equivalents	87.0	86.9	84.4	85.4	84.4	83.6	94.4	93.6

3000 - Federal

	Actual FY14	Actual FY15	Actual FY16	Estimate FY17	Forecast Base		Governor's Recommendation	
					FY18	FY19	FY18	FY19
Balance Forward In	0	0	0	0	0	0	0	0
Receipts	3,958	4,838	4,023	4,246	4,722	4,722	4,722	4,722
Net Transfers	0	0	0	0	0	0	0	0
Expenditures	3,958	4,838	4,023	4,246	4,721	4,721	4,721	4,721
Balance Forward Out	0	0	0	0	0	0	0	0
<i>Biennial Change in Expenditures</i>				(527)		1,174		1,174
<i>Biennial % Change in Expenditures</i>				(6)		14		14
<i>Gov's Exp Change from Base</i>								0
<i>Gov's Exp % Change from Base</i>								0
Full-Time Equivalents	31.9	29.6	25.7	26.9	26.9	26.9	26.9	26.9

6000 - Miscellaneous Agency

	Actual FY14	Actual FY15	Actual FY16	Estimate FY17	Forecast Base		Governor's Recommendation	
					FY18	FY19	FY18	FY19
Balance Forward In	2	2	2	2	2	2	2	2
Balance Forward Out	2	2	2	2	2	2	2	2

Program: Environmental Assistance and Cross Mediawww.pca.state.mn.us/**AT A GLANCE**

- Provide nearly \$1 million in grants and loans each biennium to promote environmentally innovative projects.
- Enable Minnesota companies through the Minnesota Technical Assistance Program (MnTAP) to save operating costs, prevent waste through reduction or reuse, and conserve water. Every \$1 granted to MnTAP results in \$3 of annual savings for Minnesota businesses.
- Assisted nearly a total of 10,000 small and large manufacturing and service businesses across the state with MnTAP since its establishment in 1984.

PURPOSE & CONTEXT

The Environmental Assistance and Cross Media Program provides support for regulatory and assistance programs that cross multiple media (air, water, land) with a given activity. Program activities include feedlots, environmental review, solid waste and wastewater training, and community and business assistance.

We provide technical assistance and financial resources to help local governments, businesses, and individuals comply with the regulatory system and implement pollution prevention activities. We work with businesses, local governments, communities, and citizens by providing financial assistance to counties for waste management efforts, and grants and loans to reduce diesel emissions. We assess the environmental impact of our regulatory and cleanup project decisions through monitoring oversight, setting limits that control wastewater plant discharges to streams and lakes, monitoring air quality, assessing risk, and investigating fish-kills.

SERVICES PROVIDED

We develop partnerships with businesses, communities, local units of government, citizens, and other public and private interests to understand trends and emerging environmental issues. These partnerships include technical expertise and financial incentives to implement activities, approaches, and technologies to conserve resources, prevent pollution, and protect the environment. The partnerships also include voluntary assessment of our air and water. From these approaches and resulting data, we promote environmentally sound business development, community development, waste-as-a-resource, clean energy, clean water and safe air, and provide educational and technical support to our customers.

Monitor

- Collect and analyze data on the condition of the environment, describing trends and stressors and make data available to our agency, policymakers and citizens.
- Complete environmental reviews that guide project approvals at the local and state level regarding potential environmental protections that should be incorporated into projects and be considered in the approval process.
- Collect data from Minnesota businesses regarding the amount of toxic chemicals used, measuring progress in manufacturing sectors toward eliminating the use of toxins.

Management

- Use data to set standards and remediation criteria for protecting our water, air, and land.
- Conduct risk evaluations and provide technical support to regulatory activities.
- Provide data analysis, and develop reduction and pollution prevention strategies.
- Develop administrative and technical rules.
- Partner with other organizations to host the EcoExperience at the Minnesota State Fair. The 250,000 annual visitors experience environmentally friendly products and technologies, including the latest in clean energy, transportation alternatives, stormwater best practices through rain gardens, green buildings, and composting.

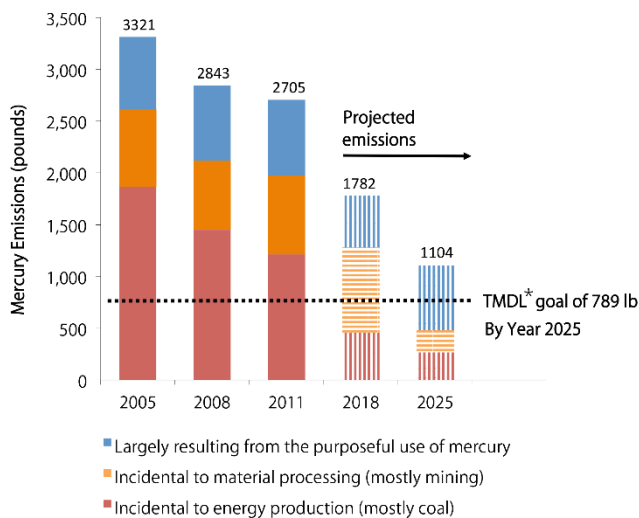
- Assist Minnesota businesses in using a multi-faceted approach to pollution prevention. This includes providing financial assistance for businesses and institutions seeking ways to reduce waste and offering technical assistance through our Small Business Assistance Program and our technical assistance partnerships.
- Provide resources to individuals and businesses on pollution prevention, reuse, recycling, responsible waste management, and sustainable practices.
- Provide information and hands-on assistance to communities through GreenStep Cities and Minnesota GreenCorps programs.

Protection/restoration

- Work with businesses to develop alternative products that are free of toxic chemicals.
- Facilitate and oversee grant, contract, and loan awards to reduce air emissions, implement innovative waste reduction activities, and develop alternative management options.

RESULTS

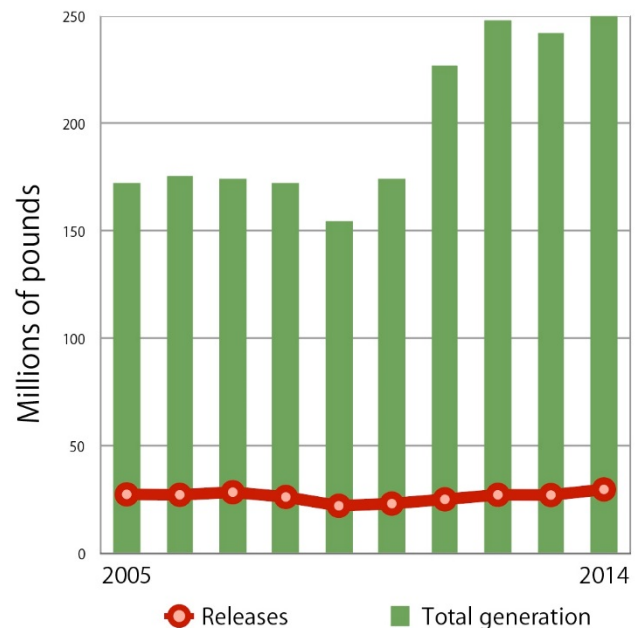
Results performance measure: Mercury emissions



***TMDL: The total maximum daily load of a pollutant a body of water can receive while still meeting water quality standards.**

Results performance measure: Generation and release of toxic chemicals

Industrial facilities that use one or more of the chemicals in the Toxic Release Inventory are required to report their use. About 420 facilities report in Minnesota. Most of them are manufacturing-related.



Results performance measure: Environmental outreach

Visitors to Eco Experience

Year	Number of visitors	Percent who reported learning something	Percent for whom info will affect future choices
2011	278,799		
2012	251,936		
2013	246,833	96%	84%
2014	262,775	97.1%	92.8%
2015	253,934	96.8%	83.6%

Minnesota Statutes, Chapter 114D <https://www.revisor.mn.gov/statutes/?id=114D>, Chapter 115 <https://www.revisor.mn.gov/statutes/?id=115>, Chapter 115A <https://www.revisor.mn.gov/statutes/?id=115A>, and Chapter 116 <https://www.revisor.mn.gov/statutes/?id=116> provide the agency with its main authorities to provide regulatory, monitoring, and assistance services.

(Dollars in Thousands)

Expenditures By Fund

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY14	FY15	FY16	FY17	FY18	FY19	FY18	FY19
1000 - General	812	1,056	2,154	4,220	1,975	1,975	2,350	2,350
2000 - Restrict Misc Special Revenue	1,089	1,253	4,195	5,611	4,070	4,070	4,070	4,070
2001 - Other Misc Special Revenue	465	261	381	606	300	300	300	300
2800 - Environmental	26,974	32,357	31,053	31,903	31,069	31,069	31,701	31,829
3000 - Federal	12,024	11,906	11,466	12,116	11,733	11,732	11,733	11,732
Total	41,364	46,832	49,249	54,456	49,146	49,146	50,153	50,281
Biennial Change				15,509		(5,413)		(3,271)
Biennial % Change				18		(5)		(3)
Governor's Change from Base								2,142
Governor's % Change from Base								2

Expenditures by Budget Activity

Budget Activity: Environmental Asst & Cross Media	41,364	46,832	49,249	54,456	49,146	49,146	50,153	50,281
Total	41,364	46,832	49,249	54,456	49,146	49,146	50,153	50,281

Expenditures by Category

Compensation	16,219	16,631	16,383	16,858	16,083	16,096	16,813	16,954
Operating Expenses	7,508	8,652	7,872	12,135	8,260	8,256	8,537	8,533
Other Financial Transactions	5	2	5	2	2	2	2	2
Grants, Aids and Subsidies	17,631	21,546	24,989	25,461	24,801	24,792	24,801	24,792
Capital Outlay-Real Property	0	0	0	0	0	0	0	0
Total	41,364	46,832	49,249	54,456	49,146	49,146	50,153	50,281
Total Agency Expenditures	41,364	46,832	49,249	54,456	49,146	49,146	50,153	50,281
Internal Billing Expenditures	5,268	5,860	5,581	6,079	5,576	5,574	5,576	5,574
Expenditures Less Internal Billing	36,096	40,972	43,669	48,377	43,570	43,572	44,577	44,707

<u>Full-Time Equivalents</u>	179.9	177.0	172.6	180.6	171.6	169.4	174.6	172.4
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1000 - General

	Actual FY14	Actual FY15	Actual FY16	Estimate FY17	Forecast Base		Governor's Recommendation	
					FY18	FY19	FY18	FY19
Balance Forward In	0	420	170	529	0	0	0	0
Direct Appropriation	1,027	1,026	2,588	2,600	2,050	2,050	2,425	2,425
Net Transfers	205	(220)	(75)	1,092	(75)	(75)	(75)	(75)
Expenditures	812	1,056	2,154	4,220	1,975	1,975	2,350	2,350
Balance Forward Out	420	170	529	0	0	0	0	0
<i>Biennial Change in Expenditures</i>				4,506		(2,424)		(1,674)
<i>Biennial % Change in Expenditures</i>				241		(38)		(26)
<i>Gov's Exp Change from Base</i>								750
<i>Gov's Exp % Change from Base</i>								19
Full-Time Equivalents	6.3	7.9	6.9	6.9	3.8	3.8	4.8	4.8

2000 - Restrict Misc Special Revenue

	Actual FY14	Actual FY15	Actual FY16	Estimate FY17	Forecast Base		Governor's Recommendation	
					FY18	FY19	FY18	FY19
Balance Forward In	458	345	206	165	73	74	73	74
Receipts	975	1,088	4,131	5,519	4,070	4,070	4,070	4,070
Net Loan Activity	0	26	22	0	0	0	0	0
Expenditures	1,089	1,253	4,195	5,611	4,070	4,070	4,070	4,070
Balance Forward Out	344	206	165	73	74	75	74	75
<i>Biennial Change in Expenditures</i>				7,464		(1,666)		(1,666)
<i>Biennial % Change in Expenditures</i>				319		(17)		(17)
<i>Gov's Exp Change from Base</i>								0
<i>Gov's Exp % Change from Base</i>								0
Full-Time Equivalents	4.1	4.3	2.6	2.8	2.8	2.8	2.8	2.8

2001 - Other Misc Special Revenue

	Actual FY14	Actual FY15	Actual FY16	Estimate FY17	Forecast Base		Governor's Recommendation	
					FY18	FY19	FY18	FY19
Balance Forward In	0	0	164	136	0	0	0	0
Receipts	466	125	53	170	0	0	0	0
Net Transfers	0	300	300	300	300	300	300	300
Expenditures	465	261	381	606	300	300	300	300
Balance Forward Out	0	164	136	0	0	0	0	0
<i>Biennial Change in Expenditures</i>				261		(387)		(387)
<i>Biennial % Change in Expenditures</i>				36		(39)		(39)

2001 - Other Misc Special Revenue

Gov's Exp Change from Base							0
Gov's Exp % Change from Base							0
Full-Time Equivalents	0.6	1.9	3.6	4.0	3.0	3.0	3.0

2800 - Environmental

	Actual FY14	Actual FY15	Actual FY16	Estimate FY17	Forecast Base FY18	Forecast Base FY19	Governor's Recommendation FY18	Governor's Recommendation FY19
Balance Forward In	2,739	3,391	2,943	3,346	3,010	3,060	3,010	3,060
Direct Appropriation	25,248	29,223	28,803	28,932	28,482	28,482	29,114	29,242
Receipts	2,530	2,740	2,704	2,705	2,705	2,705	2,705	2,705
Net Transfers	(138)	(112)	(116)	(118)	(118)	(118)	(118)	(118)
Net Loan Activity	0	58	65	50	50	50	50	50
Expenditures	26,974	32,357	31,053	31,903	31,069	31,069	31,701	31,829
Balance Forward Out	3,405	2,943	3,346	3,010	3,060	3,110	3,060	3,110
Biennial Change in Expenditures				3,625		(818)		574
Biennial % Change in Expenditures				6		(1)		1
Gov's Exp Change from Base								1,392
Gov's Exp % Change from Base								2
Full-Time Equivalents	71.9	66.4	67.1	74.4	69.9	69.2	71.9	71.2

3000 - Federal

	Actual FY14	Actual FY15	Actual FY16	Estimate FY17	Forecast Base FY18	Forecast Base FY19	Governor's Recommendation FY18	Governor's Recommendation FY19
Receipts	12,025	11,906	11,466	12,116	11,733	11,733	11,733	11,733
Expenditures	12,024	11,906	11,466	12,116	11,733	11,732	11,733	11,732
Biennial Change in Expenditures				(347)		(117)		(117)
Biennial % Change in Expenditures				(1)		0		0
Gov's Exp Change from Base								0
Gov's Exp % Change from Base								0
Full-Time Equivalents	97.1	96.4	92.3	92.5	92.1	90.6	92.1	90.6

Program: Administrative Support]

<http://www.pca.state.mn.us>

AT A GLANCE

- 310,026 page views of environmental information through our website in FY2015 – FY2016
- 28 continuous improvement projects were completed in FY2015 – FY2016
- 5,201 information or data practices requests were processed in FY2016
- MPCA offices in St. Paul, Brainerd, Duluth, Detroit Lakes, Mankato, Marshall, Rochester, and Willmar

PURPOSE & CONTEXT

Administrative Support includes: the Commissioner's Office; legislative relations; legal services; financial management; internal controls and risk assessment; human resources; communications; organizational improvement; data systems management and online services; data analysis; document and records management; continuity planning; and, support for the MPCA Advisory Committee.

- We set agency strategic objectives and collaborate with MPCA environmental programs and partners to achieve excellence in operations.
- We directly serve our environmental programs by managing resources, providing business services, and assuring compliance with laws, standards, and policies.
- The MPCA Advisory Committee makes important decisions with broad environmental impacts.

SERVICES PROVIDED

We provide leadership and strategic direction to protect and improve the environment and enhance human health.

- Provide leadership and strategic direction for the MPCA to achieve our mission through the Commissioner's Office.
- Collaborate with partners, including local governments, state and federal agencies, and environmental groups to accomplish our work.
- Provide strategic communications planning, including media and community relations, risk and crisis communications, use of multi-media tools, outreach events and public participation, and publications management.

We enable public access to environmental information and decision-making processes.

- Ensure public participation in key environmental decisions and complex pollution problems through the MPCA Advisory Committee upon request of the Commissioner.
- Enable public participation in decision-making through public meetings, outreach and rule hearings.
- Enable public access to agency operations and information through video conferencing and web broadcasts of meetings, and training events.
- Provide useful information through our website about Minnesota's environment, regulatory news and updates, rules, public notices, details about environmental quality, and information on how individuals can help protect the environment. This includes location-specific environmental information and data via the "What's in My Neighborhood" feature.

We manage operations and business services to effectively and efficiently support the agency's environmental work.

- Promote cost-effective and environmentally sound business practices, such as purchasing alternative technology vehicles, buying recycled office supplies and environmentally preferred products, supporting agency-wide recycling efforts, and using web conferencing technology to reduce travel.
- Use continuous improvement tools to improve processes and achieve environmental outcomes more effectively.
- Provide a safe and healthy workplace for all employees, volunteers, and visitors.

- Respond to thousands of data practices and information requests each year to allow for timely redevelopment or construction.
- Attract and retain a high-quality workforce by using the assets and qualities of our workplace and the merits of our mission.

We maintain effective, secure, and efficient data and document management systems and tools.

- Upgrade and improve the efficiency of our aging data systems. We will offer more online services, reducing paper transactions, and eliminating data duplication. We are committed to improving the quality of our data and making it easier to share with citizens and regulated parties.
- Develop mobile technology for use in monitoring, site investigations, inspections, and permit reviews. Improvements give staff more time to help our customers and solve their problems by enabling staff to submit and access data from the field.
- Offer regulated parties the option to pay certain fees and permits online.
- Maintain environmental data and make it accessible to agency staff, regulated parties, and the public.
- Protect non-public data entrusted to our care.

RESULTS

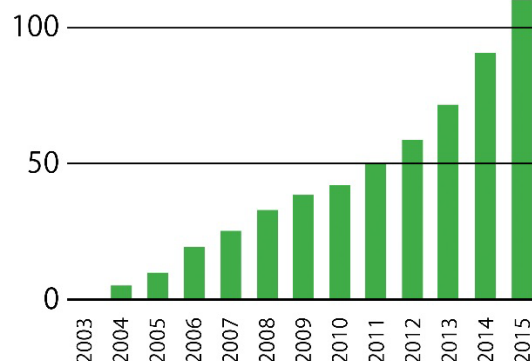
Results performance measures

MPCA focuses on reviewing, improving, and designing more effective and efficient processes through continuous improvement (CI) projects (right), improving customer satisfaction with contracts (below), and increasing the number of online services to allow regulated parties and partners the convenience of self-service (below).

Customer satisfaction with MPCA contracts

Fiscal year	Satisfaction with overall process	Satisfaction with final product
2014	34%	70%
2016	61%	79%

Number of continuous improvement projects



Online services

We are currently providing 20 online services including:

- Daily electronic wastewater monitoring reports
- Voluntary responsible party applications for remediation programs
- Hazardous waste generator license applications

Minnesota Statutes, Chapter 114D <https://www.revisor.mn.gov/statutes/?id=114D>, Chapter 115 <https://www.revisor.mn.gov/statutes/?id=115>, Chapter 115A <https://www.revisor.mn.gov/statutes/?id=115A>, and Chapter 116 <https://www.revisor.mn.gov/statutes/?id=116> provide the agency with its main authorities to provide regulatory, monitoring, and assistance services.

(Dollars in Thousands)

Expenditures By Fund

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY14	FY15	FY16	FY17	FY18	FY19	FY18	FY19
1000 - General	0	0	0	0	0	0	2,290	2,490
1200 - State Government Special Rev	1	1	2	4	4	4	4	4
2001 - Other Misc Special Revenue	22,370	29,195	30,180	30,737	28,755	28,826	28,755	28,826
2302 - Clean Water Fund	68	38	57	75	0	0	0	0
2800 - Environmental	148	200	299	384	384	384	384	384
2801 - Remediation Fund	60	65	103	146	146	146	146	146
Total	22,647	29,499	30,642	31,346	29,289	29,361	31,579	31,851
Biennial Change				9,842		(3,339)		1,441
Biennial % Change				19		(5)		2
Governor's Change from Base								4,780
Governor's % Change from Base								8

Expenditures by Budget Activity

Budget Activity: Administrative Support - MPCA	22,647	29,499	30,642	31,346	29,289	29,361	31,579	31,851
Total	22,647	29,499	30,642	31,346	29,289	29,361	31,579	31,851

Expenditures by Category

Compensation	12,051	16,645	9,000	9,467	6,905	6,837	6,905	6,837
Operating Expenses	9,877	12,583	21,502	21,879	22,384	22,524	24,674	25,014
Other Financial Transactions	693	255	137	0	0	0	0	0
Grants, Aids and Subsidies	16	0	2	0	0	0	0	0
Capital Outlay-Real Property	11	16	1	0	0	0	0	0
Total	22,647	29,499	30,642	31,346	29,289	29,361	31,579	31,851

Full-Time Equivalents

	125.8	156.8	90.7	98.4	71.4	70.4	71.4	70.4
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1000 - General

	Actual FY14	Actual FY15	Actual FY16	Estimate FY17	Forecast Base		Governor's Recommendation	
					FY18	FY19	FY18	FY19
Direct Appropriation	0	0	0	743	0	0	2,290	2,490
Net Transfers	0	0	0	(743)	0	0	0	0
Expenditures	0	0	0	0	0	0	2,290	2,490
<i>Biennial Change in Expenditures</i>								4,780
<i>Gov's Exp Change from Base</i>								4,780
Full-Time Equivalents	0.1							

1200 - State Government Special Rev

	Actual FY14	Actual FY15	Actual FY16	Estimate FY17	Forecast Base		Governor's Recommendation	
					FY18	FY19	FY18	FY19
Open Appropriation	1	1	2	4	4	4	4	4
Expenditures	1	1	2	4	4	4	4	4
<i>Biennial Change in Expenditures</i>				4		2		2
<i>Biennial % Change in Expenditures</i>				174		27		27
<i>Gov's Exp Change from Base</i>								0
<i>Gov's Exp % Change from Base</i>								0

2001 - Other Misc Special Revenue

	Actual FY14	Actual FY15	Actual FY16	Estimate FY17	Forecast Base		Governor's Recommendation	
					FY18	FY19	FY18	FY19
Balance Forward In	8,873	6,855	5,109	1,927	0	0	0	0
Receipts	20,364	27,175	27,047	28,887	28,832	28,904	28,832	28,904
Internal Billing Receipts	20,317	27,054	27,000	28,450	28,372	28,439	28,372	28,439
Net Transfers	(36)	(43)	(48)	(77)	(77)	(77)	(77)	(77)
Expenditures	22,370	29,195	30,180	30,737	28,755	28,826	28,755	28,826
Balance Forward Out	6,831	4,792	1,927	0	0	0	0	0
<i>Biennial Change in Expenditures</i>				9,352		(3,336)		(3,336)
<i>Biennial % Change in Expenditures</i>				18		(5)		(5)
<i>Gov's Exp Change from Base</i>								0
<i>Gov's Exp % Change from Base</i>								0
Full-Time Equivalents	125.8	156.8	90.7	98.4	71.4	70.4	71.4	70.4

2302 - Clean Water Fund

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	

2302 - Clean Water Fund

	FY14	FY15	FY16	FY17	FY18	FY19	FY18	FY19
Open Appropriation	68	38	57	75	0	0	0	0
Expenditures	68	38	57	75	0	0	0	0
<i>Biennial Change in Expenditures</i>				27		(133)		(133)
<i>Biennial % Change in Expenditures</i>				26		(100)		(100)
<i>Gov's Exp Change from Base</i>								0
<i>Gov's Exp % Change from Base</i>								0

2800 - Environmental

	Actual FY14	Actual FY15	Actual FY16	Estimate FY17	Forecast Base		Governor's Recommendation	
	FY14	FY15	FY16	FY17	FY18	FY19	FY18	FY19
Open Appropriation	141	195	290	373	373	373	373	373
Net Transfers	6	5	9	11	11	11	11	11
Expenditures	148	200	299	384	384	384	384	384
<i>Biennial Change in Expenditures</i>				335		85		85
<i>Biennial % Change in Expenditures</i>				96		13		13
<i>Gov's Exp Change from Base</i>								0
<i>Gov's Exp % Change from Base</i>								0

2801 - Remediation Fund

	Actual FY14	Actual FY15	Actual FY16	Estimate FY17	Forecast Base		Governor's Recommendation	
	FY14	FY15	FY16	FY17	FY18	FY19	FY18	FY19
Open Appropriation	60	65	103	146	146	146	146	146
Expenditures	60	65	103	146	146	146	146	146
<i>Biennial Change in Expenditures</i>				124		42		42
<i>Biennial % Change in Expenditures</i>				99		17		17
<i>Gov's Exp Change from Base</i>								0
<i>Gov's Exp % Change from Base</i>								0

FY 2018-19 Federal Funds Summary

Federal Agency and CFDA #	Federal Award Name and Brief Purpose	New Grant	FY2016 Actuals	FY2017 Budget	FY2018 Base	FY2019 Base	Required State Match or MOE?	FTEs
Environmental Protection Agency CFDA 66.454	Water Quality Management Planning: Measures for the prevention and control of surface and ground water pollution, includes monitoring coordination, water assessments and data management.		251	293	307	307	No	3.0
Environmental Protection Agency CFDA 66.475	State Level Nutrient Reduction Strategy: Establishes a state-wide nitrogen and phosphorus pollution reduction strategy.		3	0	0	0	Match	0.0
Environmental Protection Agency CFDA 66.460	Nonpoint Source Implementation Grants - 319: Multi-year grants fund local watershed studies and implementation projects to reduce or eliminate sources of water quality pollution from diffuse sources.		2,657	5,023	3,500	3,300	Match	0.0
Environmental Protection Agency CFDA 66.419	Water Pollution Control Program Support: Grants supporting surface water monitoring activities in streams, wetlands and lakes.		343	445	346	287	No	2.3
Environmental Protection Agency CFDA 66.469	Great Lakes Program: Lake Area Management and Remedial Action Plan Capacity Grant - To restore capacity and protect water quality in the Lake Superior Basin through coordinative efforts to reduce impairments and toxic chemicals.		777	748	896	905	No	1.7
Environmental Protection Agency CFDA 66.469	Great Lakes Program: St. Louis Area of Concern Remediation to Restoration Support Projects - Supports Remedial Action Plan implementation activities in the St. Louis Area of Concern.		1,101	632	350	350	Match	4.6
US Geological Services CFDA 15.980	National Ground Water Monitoring Network: Agency's Statewide Water Quality Data in monitoring network database.	Yes	0	19	19	0	No	0.5
	WATER - Program Total		5,132	7,160	5,418	5,149		12.1
Environmental Protection	Particulate Monitoring (PM) 2.5 Monitoring:		442	406	411	416	No	3.3

Federal Agency and CFDA #	Federal Award Name and Brief Purpose	New Grant	FY2016 Actuals	FY2017 Budget	FY2018 Base	FY2019 Base	Required State Match or MOE?	FTEs
Agency CFDA 66.034	Supports air quality fine particle monitoring.							
Environmental Protection Agency CFDA 66.034	Community-Scale Air Toxics Ambient Monitoring: Polycyclic Aromatic Hydrocarbons in Urban Air Monitoring - Study of concentrations and health risks of polycyclic aromatic hydrocarbons in selected communities.		276	0			Match	0.0
	AIR - Program Total		718	406	411	416		3.3
Environmental Protection Agency CFDA 66.802	Superfund State Programs: Multiple grants for the administration of the Superfund hazardous waste cleanup program and investigation and remediation activities at specific Superfund hazardous waste sites.		1,032	1,097	1,185	1,185	Match	4.2
Environmental Protection Agency CFDA 66.804	Underground Storage Tanks Program: Permitting and compliance activities for regulated underground storage tanks, including detection and identification of releases.		524	573	673	673	Match	4.8
Environmental Protection Agency CFDA 66.805	Leaking Underground Storage Tank Trust Fund: Administrative activities to clean up properties contaminated with petroleum from underground storage tanks.		1,333	1,453	1,600	1,600	Match	11.0
Environmental Protection Agency CFDA 66.809	CORE Program: Administration and implementation of the State's Superfund Program.		130	120	130	130	Match	0.8
Environmental Protection Agency CFDA 66.817	Brownfields Response Program: Development and enhancement of the Voluntary Investigation and Cleanup and Petroleum Brownfields Programs.		728	604	704	704	No	4.1
Department of Defense CFDA 12.113	Dept. of Defense Memorandum of Agreement (DSMOA): Environmental cleanup and site restoration on various federal Department of Defense installations.		279	399	430	430	No	2.2
	LAND - Program Total		4,026	4,246	4,722	4,722		27.1
Environmental Protection Agency CFDA 66.040	MN Clean Diesel Program: Decreases diesel fuel emissions through grants and loans for emission reduction technologies.		253	133	133	134	Match	0.2

Federal Agency and CFDA #	Federal Award Name and Brief Purpose	New Grant	FY2016 Actuals	FY2017 Budget	FY2018 Base	FY2019 Base	Required State Match or MOE?	FTEs
Environmental Protection Agency CFDA 66.605	Performance Partnership Grants: Multi-year funding for multiple ongoing environmental program areas, including air quality, water quality and hazardous waste.		11,212	11,982	11,600	11,599	MOE	92.3
	Environmental Assistance / Cross Media - Program Total		11,465	12,115	11,733	11,733		92.5
	Federal Fund – Agency Total		21,341	23,927	22,284	22,020		135

Narrative:

Federal funding provides the Minnesota Pollution Control Agency (MPCA) with financial resources to carry out activities that are essential to our mission to protect and improve the environment and enhance human health. The majority of federal funding received by the MPCA is directly from the U.S. Environmental Protection Agency (EPA). In the FY2016-2017 biennium, the MPCA received \$45 million in the form of grants or cooperative agreements. Federal revenues account for approximately 11% of the MPCA's budget in the FY2016-2017 biennium and are projected at 13% in the FY2018-2019 biennium.

Most federal funds are noncompetitive and received for program activities where the MPCA is delegated by EPA to perform work at the state level. Individual awards are received under program media areas including Air, Water, Land and Environmental Assistance/Cross-Media (EACM). Additional federal funding resources, which are in alignment with goals and objectives in the Strategic Plan, will continue to be pursued.

The MPCA's largest federal award is the Performance Partnership Grant (PPG). The PPG is located in the EACM program, but functionally combines under one "umbrella" award continuing environmental programs and some competitive grants that if received individually would appear in all four budget programs. Receiving awards by this method reduces federal administrative and reporting burdens and provides flexibility in managing resources to meet goals and objectives across the entire agency.