



# Local Road Wetland Replacement Program

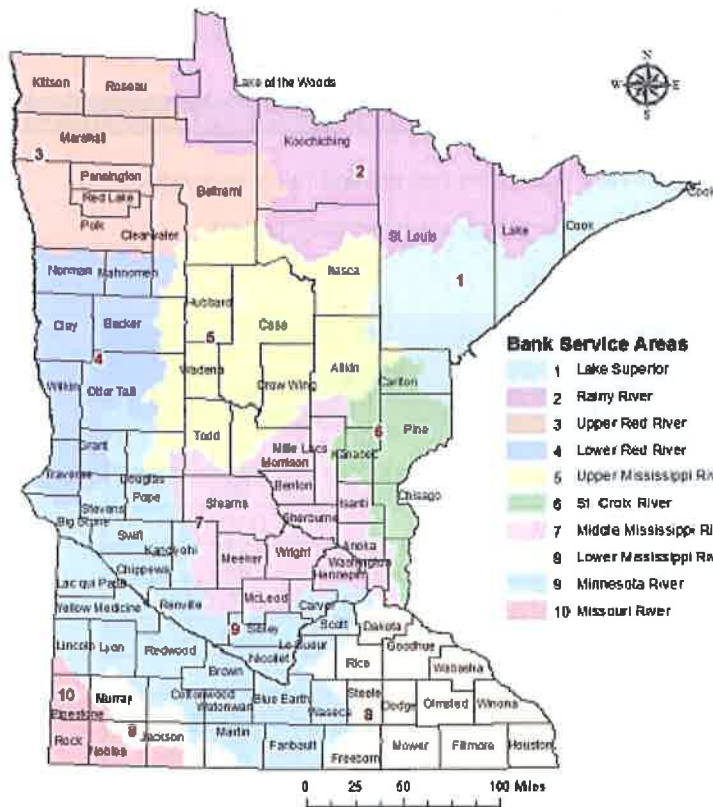
## \$26.4M GO + \$10M General Fund

Minnesota Inter County Association

Revised: March 4, 2020

**THE PROBLEM: A DECADE OF IRREGULAR, INSUFFICIENT WETLAND REPLACEMENT FUNDING IS PUTTING COMPLETION OF PLANNED, LOCAL ROAD PROJECTS AND JOBS AT RISK STATEWIDE**

**Four Wetland Bank Service Areas have NO Credits; a 5<sup>th</sup> is Near Zero**  
**All Credits Could be Depleted by Late 2020**



Bank Service Area	Available Credits
1	14.2401
2	0
3	43.3573
4	0
5	16.0537
6	0
7	42.0392
8	0
9	13.5923
10	0.7535

Bank Service Areas and Minnesota counties

- Local road projects/contracts CANNOT PROCEED unless unavoidable wetland losses are mitigated.
- In 1996, the LGRWRP was created to ensure a reliable 'bank' of wetlands credits are available at the start of construction season/projects when local governments apply for them.
- But irregular and inadequate funding has led to credits being depleted.
- Why does this matter? These are needed safety improvements delivered by local contractors and local workers.

## THE SOLUTION: IMMEDIATELY APPROPRIATE \$10M GENERAL FUND AND AUTHORIZE \$26.4 MILLION GO-BONDING FOR LGRWRP

### GF Cash for Wetland Credits for Immediate Use, GO-Bonding to Replenish Credit Bank

- Replacement wetlands (wetland credits) take several years to construct and release once funds are appropriated.
- After using available credits to cover Spring projects across all Bank Service areas, the state program could be completely OUT OF CREDITS in Fall 2020
- This means some projects later this construction season, and a timely start to the 2021 construction season, are at significant risk unless action is taken now.
  - GF Cash is needed to purchase private credits (and often more costly credits) to enable current planned projects to proceed on a timely basis.
  - GO-Bonding is needed to allow BWSR to construct new wetlands and replenish the Wetland Credit Banks.

### Irregular, Inadequate Appropriation Levels Have Resulted in the Wetlands Credit Crisis

- The original (1996) cost estimate of \$10 million every two-years has proved fairly accurate.
- Unfortunately, that biennial \$10 million appropriation level has not been maintained
- Now more is needed (\$26.4 million) is needed to catch-up.

Local Road Wetland Replacement Program Funding History of Bond Requests & Appropriations			
Year	Agency Request	Gov's Recommendation	Appropriation
2010	\$8,420,000	\$4,200,000	\$2,500,000
2011	-	\$0	\$0
2012	\$13,100,000	\$0	\$6,000,000
2013	-	\$0	\$0
2014	\$5,400,000	\$0	\$2,000,000
2015	-	\$0	\$0
2016	\$10,330,000	\$5,000,000	\$0
2017	-	\$10,000,000	\$5,000,000
2018	\$16,380,000	\$5,000,000	\$6,700,000
2019	-	\$10,000,000	0
2020	\$26,400,000	\$26,400,000	TBD

- **CONSISTENT, BIENNIAL FUNDING WILL STILL BE NEEDED TO MAINTAIN BALANCE IN FUTURE YEARS.**

#### Failure to fund LGRWRP risks:

- **delay or cancellation of planned local road projects**
- **delay road safety improvements**
- **fewer jobs**
- **diminished local economic benefit; inconvenience for businesses, employers, and the public**
- **non-compliance with federal/state laws.**



March 5, 2020

House Environment and Nature Resources Finance Committee,

The Associated of General Contractors of Minnesota (AGC of MN) is a non-profit, construction industry trade association dedicated to promoting opportunity and excellence in the building and highway construction industries throughout Minnesota. Our 400+ members include general contractors, specialty contractors, and affiliated businesses who have a vested interest in these industries.

AGC of MN appreciates the opportunity to engage and advocate for HF 3605 (Sundin) - Local Road Wetland Replacement appropriation. One of AGC's goals at the legislature is to advocate for stable funding for roads, bridges, and transit to address unmet needs across the state. The Local Road Wetland Replacement Program is an important source of funding for transportation needs across the state of Minnesota.

The Program needs serious funding from the State to meet its obligation under Minn. Stat. § 103G.222 to assist in meeting the state and federal permit requirements. In recent years, the legislature has funded this program, but the funding levels have fallen short of the needs. By the Fall of 2020, the Program will run out of essential funding needed to keep the wetland mitigation program operating and delay much needed projects. This puts projects for the upcoming construction season and into the 2021 construction season at risk. Without additional funding, there will be delayed road safety projects, negative job and business impacts, and the potential for increased local property taxes.

Representative Sundin's bill infuses the Program with \$10 million in cash as well as funding for the in-lieu fee funding and mitigation purposes. In the long term, Governor Walz included \$26.4 million in general obligation bonds to help meet this shortfall.

AGC of MN asks that you consider funding this program at its highest level to maintain this important program for wetland mitigation and safe roads.

Sincerely,

A handwritten signature in black ink that reads "Laura Ziegler". The signature is written in a cursive, flowing style.

Laura Ziegler  
Director of Highway/Heavy Government Affairs





Minnesota Inter-County Association

[www.mica.org](http://www.mica.org)



Association of  
Minnesota  
Counties

[www.mncounties.org](http://www.mncounties.org)



[www.mnruralcounties.org](http://www.mnruralcounties.org)

March 5, 2020

**Re: Local Government Support of HF3605/SF3448 -  
Appropriating \$10 Million to Local Government Road Wetland Replacement Program (LGRWRP)**

Dear Chair Hansen and Committee Members:

Local government road authorities are unified in our support of HF3605/SF3448 – appropriating \$10 million (General Fund) to provide immediate, temporary relief to the nearly bankrupt Local Government Road Wetland Replacement Program (LGRWRP).

**A \$10 million General Fund** appropriation is necessary to purchase privately constructed wetlands from the private wetlands market while BWSR completes the multi-year process to design and construct new wetlands using proceeds from a \$26.4 million of GO Bond to replenish Wetland Bank Credits over time.

Created in 1996, the LGRWRP is intended to ensure a reliable, ecologically appropriate 'bank' of wetland credits is available at the start of each construction season. Each Spring, local governments then apply to use those wetland credits when undertaking local road safety improvement projects that require placement of impacted wetlands.

These are essential local projects, commonly delivered by local contractors in communities throughout Minnesota.

With spring and summer construction season at the doorstep, and five of 10 wetland credit banks essentially "broke," a recent BWSR memorandum indicates that roughly 90 local projects per year would be delayed and/or experience increased costs unless funding is provided. These projects CANNOT PROCEED under federal and state law unless wetland losses are mitigated.

**\$26.4 million GO Bonding** is needed because past bonding authorization amounts have been well below the level necessary to sustain the program. A steady depletion of available wetland credits has resulted. The only way to break the cycle of depletion—and the costly purchase of private wetland credits on a temporary basis—is to fully fund the GO Bonding request. This will provide BWSR the resources it needs to undertake the multi-year process of assembling property, designing and constructing wetlands, and revitalizing the program.

The original 1996 LGRWRP cost estimate was \$10 million every two-years. This estimate has proven to be largely accurate, if it had been sustained. Unfortunately, appropriations have fallen far short of that level and now, \$26.4 million is needed to catch-up.

**We respectfully urge your support for this critical program and urge you to:**

- **Approve the \$10 million appropriation** authorized under HF3605/SF3448; and
- **Encourage approval of \$26.4 million GO bonding** to allow BWSR to construct new wetlands and replenish the Wetland Credit Banks.

Sincerely,

Rich Sve, Lake County Commissioner  
President, Association of Minnesota Counties

Matt Massman, Executive Director  
Minnesota Inter-County Association

Paul Gerde, Pope County Commissioner  
Chair, Minnesota Rural Counties

