

# Yellow Medicine River Watershed District

## Cost Share Policy for the Yellow Medicine One Watershed One Plan Watershed

November 20, 2024

### I. INTRODUCTION:

- a. The Yellow Medicine One Watershed One Plan (1W1P) was developed as one of five pilot “One Watershed One Plan” projects in Minnesota as a result of legislation passed in 2012 that authorized the Minnesota Board of Water and Soil Resources (BWSR) to align local planning on watershed boundaries.
- b. Ten local governments entered into a Memorandum of Agreement (MOA) to develop the YM1W1P and include representatives from Area II, Lincoln County and SWCD, Lac qui Parle County and SWCD, Lyon County and SWCD, Yellow Medicine County and SWCD, and the Yellow Medicine River Watershed District (YMRWD). The mission of these organizations, along with the state agencies that cooperated in developing this plan, is to work together with citizens to restore and protect the water resources of the Yellow Medicine Watershed.
- c. Through this joint effort, a Policy Committee and a Plan Work Group (PWG) were established. Each party identified by Memorandum of Agreement, has one voting member on the Policy Committee and the PWG consists of local staff from Area II, SWDCs, water planners and the YMRWD. These two groups will provide guidelines for the use of the 1W1P Watershed Performance-Based Funding.
- d. It is the recommendation of the Policy Committee that The Yellow Medicine River Watershed District (hereafter referred to as the District) administers the Yellow Medicine One Watershed One Plan Watershed Performance-Based Funding grant through the Board of Water and Soil Resources (BWSR) through Minnesota Statutes, section 103D.335 District and Manager’s Powers.
- e. The Yellow Medicine River One Watershed One Plan Policy Committee has set some guidelines as to how this funding should be spent.
- f. The District will abide by these guidelines and hereby establishes the Yellow Medicine Rive 1W1P Cost Share Policy.
- g. For each state fiscal year of cost share funds the District will consider recommendations put forth by the Plan Work Group (PWG) and by the Policy Committee and review the Cost Share policy and make changes as needed.

## **II. PRIORITY**

- a. The Policy Committee, the PWG and the District have set priorities to better meet the goals of the 1W1P. The amount of priorities met shall be totaled for each project and compared others to determine which is/are funded. The priorities are as follows:
  - i. Project listed on Table 4-1 for Priority Concern #1 in the Yellow Medicine One Watershed One Plan 2017-2026 document.
  - ii. Project is within a priority subwatershed
  - iii. Proximity of the project to surface water that drains to the Minnesota River.
  - iv. Project is in a wellhead protection area.
  - v. Project has applied for and been denied for other funding sources.
  - vi. Project provides benefits to multiple concerns.
  - vii. Project is near and will provide benefits to impaired surface water.
  - viii. Project is supported by ACPF and or SAM results.
  - ix. Project/practice type allows for the calculation of pollution reductions and the reduction estimations show a decrease of those pollutants.
  - x. Project affects one of the lakes of significance identified in the 1W1P document.
- b. The list of priorities here is not exhaustive. Priority ranking and the pass/fail score threshold will be developed by the PWG and the Policy Committee and will be based from the approved Yellow Medicine One Watershed One Plan. Ranking sheets and point values assigned may change with recommendations from the planning groups.

## **III. COST SHARE FUNDS**

- a. The local SWCDs will start the cost share contract and complete the ranking. If the project ranks above the preapproved threshold set by the PWG, then the contract will be sent to the District for approval.
- b. Utilizing state and non-state funds for a project will be considered on a case-by-case basis by SWCD staff. If a contract is approved as such, payment amounts from combined state and non-state sources shall not exceed the maximum percentage rate cost share rate of 100%.
- c. The minimum amount of state cost share to be approved for a non-structural practice is \$300.00, unless amount left to encumber is less. Non-structural contracts will have a cost share maximum of \$15,000.00 per cost share contract, unless otherwise recommended by the PWG, and non-structural contracts receiving recommendation from the PWG will have a cost share maximum of \$30,000 per cost share contract, unless recommend by the Policy Committee (PC).
- d. Non-structural cost share contracts will be capped at a maximum of \$60,000 per contract per operator.

- e. The District will annually review and adopt the flat rate payments for non-structural practices.
- f. Structural contracts will have a cost share maximum of \$30,000 per cost share contract that can be awarded unless otherwise recommended by the PWG and the PC. There will not be a minimum amount.
- g. Only non-farmable terraces will be covered by the full cost share percentages. Farmable terraces are allowed but will only be cost shared up to the cost of a comparable non-farmable terrace with the cooperator paying the difference.
- h. The allowable distance for a tile outlet is up to 3000 feet. Any tile beyond that length will be paid by the cooperator. Cost share funds will be used for the actual diameter of tile needed for the project, and not the diameter desired by the cooperation.
- i. Payment for crop damages or conserving use acres are not allowed by this grant. If the conserving use crop is planted as part of the crop rotation, EQIP funding is available.
- j. **Pre-Construction Cover** is allowed when temporary cover is necessary for the future installation of structural conservation practices. A flat rate payment of up to \$150 per acre, not to exceed 20 acres, is allowed as part of a state cost-share contract for the installation of structural practice(s). Eligible acres are defined as; 1) The area needed to provide access to the location of the structural practice to be installed. 2) The area to be impacted during installation, this includes the actual location of the practice as well as any surrounding areas that will have disturbance during construction. The temporary cover is to remain in place until construction begins. A land occupier is only eligible to receive this payment once per cost-share contract, unless construction is delayed another year for reasons beyond the control of the land occupier.
- k. The local SWCD from the county the practice is implemented in will be responsible for the O&M inspections.

#### IV. PERCENTAGE RATES

- a. Percentage rates will only apply to structural practices.
  - i. Land occupiers must incur all expenses for project implementation and provide invoices or copies of paid receipts to verify all expenses prior to requesting reimbursement and must sign a voucher.
- b. Total percentage based cost share will not exceed 100% of the eligible reasonable cost of the practices.
- c. Practices in the priority subwatersheds and watershed-wide action items will be eligible to be cost shared at 90% with only state funds or when combined with non-state funds.
- d. Practices may be cost shared at a rate of 100% with a recommendation by the PWG and the PC.
- e. Cost share will not be calculated to include required permitting costs.

- f. Nonstructural Land Management Practice (NLMP) will be paid at a flat rate set forth by the district.

**V. FLAT RATE COST SHARE**

- a. Flat rates will be used as an alternative to actual costs documented by receipts or invoices.
- b. The District will enter into one contract with each individual land occupier for the lifespan of the practice.
- c. The land occupier will be paid in one lump-sum payment after the initial year the practice has been installed and certified complete by the technical representative.
- d. The remaining years of the practice will be completed under the operation and maintenance plan and inspected annually by a technical representative of the SWCD. If the non-structural practice was installed but failed to establish for reasons beyond the land occupier’s control, the land occupier will be paid for that year. If the non-structural practice was not installed due to reasons outside the land occupier’s control, an additional year will be added to the contract to ensure the initial practice lifespan is met.
- e. The rates and general requirements for Nonstructural Land Management Practices (NLMP) are as follows:
  - i. Cover Crops
    1. Must follow NRCS Practice Standard 340.
    2. Required practice lifespan is 3 years
    3. No Tillage, with the exception of strip till and manure application, is allowed on planted acres until a reasonable beginning date of spring tillage.
    4. Grazing by livestock is permitted at any time as long as it does not affect the initial development of plants.
    5. Land Occupiers will be allowed to annually rotate the location of the cover crops within the operation as long as it stays within the same HUC12 subwatershed, as long as the contract is solely for cover crops and not for cover crops plus reduced tillage.
    6. Incentive payments for land occupiers enrolling in non-state programs to install are allowed. The payment rate will be the difference between the local rate in this policy and the nonstate program rate.
    7. Three Year Annual installation of cover crop.
      - a. The district will establish a flat rate cost share payment every year for single species and for multiple species (two or more).
      - b. The flat rate will be paid in a lump sum of three times per acre for a minimum of following standard recommendations for establishment of a single cover crop.
      - c. EXAMPLE: “3 years of Cereal Rye on 40 acres” “3 x 40 x \$50.00= \$6000 lump sum.”
  - ii. Residue and Tillage Management

1. Must follow NRCS Practice Standard 329 for “No-Till/Strip-Till.”
2. Required practice lifespan is 3 years.
  - a. The District will establish a flat rate cost share for No-till/Strip-till annually.
  - b. The flat rate will be paid in a lump sum of 3 times per acre
  - c. Example: “3 years of Reduced Tillage” “3 x 40 x \$30 = \$3,600 lump sum.”
- iii. Conservation Cover or Pasture and Hay Planting
  1. Must follow NRCS Practice Standard 327 for “Conservation Cover” or 512 for “Pasture and Hay Planting”
  2. Required practice lifespan is 5 years
    - a. The District will establish a flat, rate cost share amount for establishment of perennial vegetation consistent with standard 327 and or 512.
    - b. The flat rate payment will be paid in one lump sum of 3 times the flat rate per acre.  
Example: “5 years of a practice lifespan for Pasture establishment”  
“3 x 40ac x \$100 = \$12,000
- iv. Incentive payments for CRP enrollment and reenrollment are eligible as long as the practice type aligns with Plan priorities and action items, which are generally limited to, wetland creation or restoration, floodplain restoration and or protection, or wellhead protection. A one-time flat rate payment on eligible contracts is \$500 per acre for a 10-year contract and \$750 per acre for a 15-year contract. Incentive payments will be paid in one lump sum after a signed CRP-1 and incentive conservation activity reimbursement contract are submitted to the fiscal agent. Incentive payments are not to exceed \$50,000.
- v. Incentive payments for RIM/CREP will be 10% in addition to the program payment rate for cropland acres only, not to exceed \$50,000.

**VI. TECHNICAL EXPERTISE**

- a. Technical services will be provided by local SWCD staff with appropriate job approval authority; conservation partners with appropriate job approval authority (such as: Natural Resources Conservation Service and/or Southwest Prairie Technical Service Area); a professional licensed engineer, and/or reputable vendor with applicable expertise and liability coverage.

**VII. PRACTICE STANDARDS**

- a. All practices must be consistent with USDA Natural Resources Conservation Services Field Office Technical Guide (FOTG), Minnesota Stormwater Manual, or be professionally accepted engineering or ecological practices. Design standards for all practices must include specifications for operation and maintenance for the effective life of the given practice, including an inspection schedule and procedure.

**VIII. CONTRACT NONCOMPLIANCE**

- a. The District, after learning of potential non-compliance, will:
  - i. Review applicable law and rule.

- ii. Review project file contents, contract and operation/maintenance plan.
  - iii. Will have the local SWCD conduct on-site investigation, include pictures and complete a site inspection form, if this has not already been done.
  - iv. Interview the land occupier.
  - v. If determined that land occupier is in compliance, the District staff will document this decision and no corrective action is needed.
  - vi. If determined that land occupier is not in compliance, the District staff will present to the District Board of Managers their findings and corrective action plan.
  - vii. If the District Board of Managers agrees that a non-compliance condition exists, a corrective action plan will be completed and sent via registered mail to the land occupier and a copy will be sent to the local SWCD that is responsible for oversight of the installed practice. The corrective action plan will make reference as to why the practice is not in compliance; specify what the land occupier must do to correct the situation and give deadlines for corrective action to be completed.
  - viii. If the District Board doesn't agree that a non-compliance condition exists, then it will be documented, and no corrective action plan is needed.
  - ix. The local SWCD staff will follow up to make sure land occupier completes corrective action in the time allotted and the SWCD staff will follow up with the District.
  - x. If land occupier fails to implement the corrective action plan, the land occupier will be considered in a "violation" status. The District will contact the Board of Water & Soil Resources Board Conservationist and at this time ask for the state's assistance.
- b. If the land occupier fails to maintain the practice during the practice duration, they will be liable to the District for 150% of the payment received for the practice.

#### **IX. OTHER POLICIES APPLICABLE TO THE PROGRAM**

- a. **Cost Share Contract:** A contract between the District and land occupier receiving state funds is required to provide a legal standing to insure practices are installed and maintained according to approved standards and specifications. The District must approve or deny the contract. The land occupier must not start construction or installation of the practice until the District approves the cost share contract. If construction or installation starts prior to approval the land occupier will not be eligible for cost share funds.
- b. **Contract Approval:** The District Board will approve or deny the contract. The action taken will be documented in the District's meeting minutes and notification of the decision will be sent to the land occupier. Approval of contract is considered approval for expenditure of funds. The District Board delegates signing contracts and supporting program documents to the District Board Chairperson and/or the District Administrator.

- c. **Contract Amendment:** Changes to an executed contract are considered an amendment to the contract and subject to review and approval by the District Board. Prior to approving an amendment, technical staff must attest that the amendment has merit. Amendments shall not be considered or approved after the end of the contract or after approval to issue final payment on the original contract has been made. Amendments are limited to changes in practice specifications, installation dates, land occupier information, practice components, or cost share amounts.
- d. **Partial Payments:** The District may consider allowing partial payments. The partial payment requests will be reviewed on an individual basis. Land occupiers not completing partially paid projects shall be considered violation of state statute and shall be directed, unless otherwise authorized by the state board, to return one hundred fifty percent (150%) of the amount of financial assistance received.

**APPROVED BY YELLOW MEDICINE RIVER BOARD OF MANAGERS**

**YEAS**\_\_\_\_\_

**NAYS**\_\_\_\_\_

**ATTEST:**\_\_\_\_\_, **YMRWD CHAIR**

**DATE:**\_\_\_\_\_